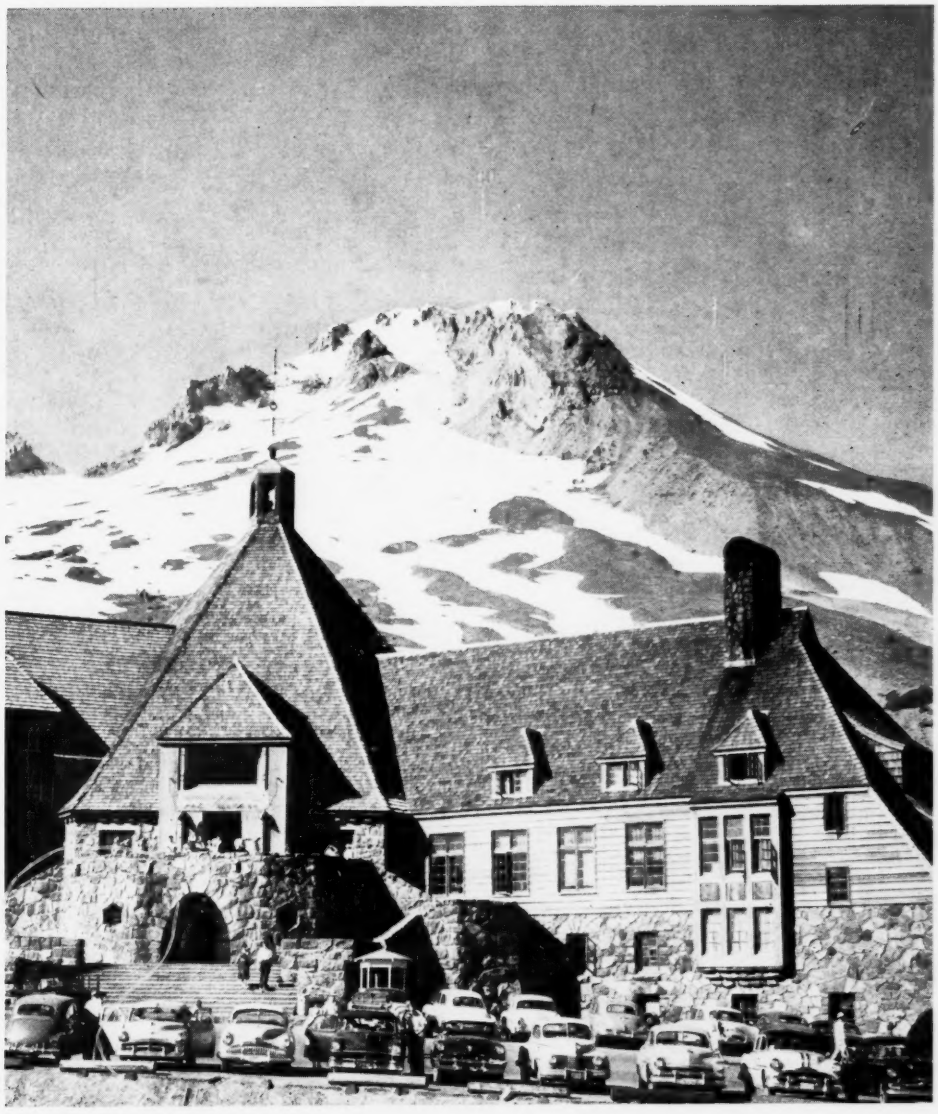
OFFICIAL ASIM PUBLICATION

The National Insurance Buyer

CORPORATE INSURANCE MANAGEMENT

• AN INFORMED BUYER IS A BETTER BUYER •



MT. HOOD, OREGON

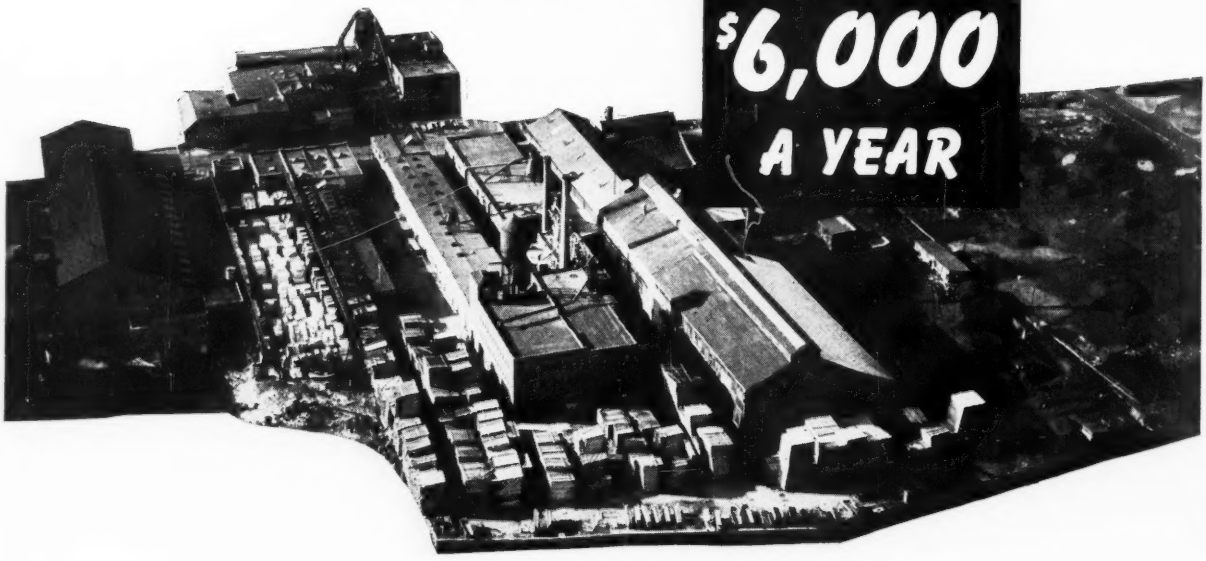
(Photo: Courtesy Oregon State Highway Department)

AMERICAN SOCIETY OF INSURANCE MANAGEMENT

Volume 3 JULY 1956 Number 4

THE WEISBERG-BAER COMPANY

protects its property *Automatically*.... gets better FIRE and BURGLARY PROTECTION and SAVES $6,000 A YEAR



Your organization performed in a most efficient manner at the time of our recent fire. Prompt detection, and dispatch of the fire department prevented any serious loss. We consider your automatic protection superior to other more costly methods. Our savings amount to $6,000 a year.

Charles J. Sweet
Vice President

ADT

Controlled Companies of
AMERICAN DISTRICT TELEGRAPH COMPANY
Executive Offices
155 Sixth Avenue, New York 13, N. Y.
A NATIONWIDE ORGANIZATION

One of the largest manufacturers and wholesalers of lumber, mouldings, doors and millwork in the New York metropolitan area, The Weisberg-Baer Company demands the best possible protection against fire, burglary and other hazards.

Upon the recommendation of insurance and other fire prevention experts, officials of the firm decided upon complete ADT Automatic Protection, consisting of Sprinkler Supervisory and Waterflow Alarm Service for mill and storage buildings and Burglar Alarm Service (including photoelectric devices) to guard buildings and yard against trespassers.

Why not find out what ADT can do for you?

Whether your premises are old or new, *sprinklered or unsprinklered*, there is an ADT Automatic Protection Service to give you better protection for property, profits, and employees' jobs than can otherwise be obtained, *and at less expense.*

An ADT specialist will be glad to show you how combinations of automatic services can protect *your* property. Call our local sales office if we are listed in your phone book; or write to our Executive Offices.

OFFICIAL ASIM PUBLICATION

The National Insurance Buyer

CORPORATE INSURANCE MANAGEMENT

We honor . . .

Oregon Chapter, ASIM, for its excellent cooperation and support in all matters benefiting this association and for its continuous contribution to the profession of insurance management.

About the cover . . .

Summer or winter recreation abounds in Oregon. This summertime scene shows famous Mt. Hood, Oregon's 11,245-foot highpoint in the Cascade Mountains. Snow-laden, majestic and beautiful, it can be seen for miles around. In the foreground is Timberline Lodge, set at the 6,000 foot elevation of the mountain on the southern slope.

In This Issue

The National Insurance Buyer, published bi-monthly as the official publication of The American Society of Insurance Management, Hotel Martinique, Broadway and 32nd St., New York, N. Y. Linda Burke, Editor. *Subscription rate: $5.00 a year. Advertising rates on request.*

OREGON CHAPTER, ASIM

A resume of the growth of our Oregon chapter will cover a relatively short period of time but one which has been of great interest to the members.

Early in 1952 Mr. John F. Burke, Pacific Coast Regional Director, of National Insurance Buyers Association (now ASIM), and Mr. J. J. Schuck, of the Northern California Chapter, contacted a group of Portland men and presented the history of other chapters of the National Insurance Buyers Association. They explained the purposes and advantages of the organization as well as the perils befalling lone insurance buyers.

After the seed of thought had been planted and allowed to grow, the Oregon chapter had its inception in January, 1953 — officers were elected and by-laws approved.

Officers and Directors of Oregon Chapter, ASIM. Front left to right: M. A. Gudman, Director and past president; W. J. Jones, Director; J. M. Charters, Secretary-treasurer; and A. K. McNett, President. (Missing is Doyle Pigg, Vice President.)

Gradually as insurance buyers in industry have learned of our organization it has grown. The ordinary buyer of insurance is always in quest of additional knowledge of his subject. They have all realized through this common discussion of everyone's problems how they too can improve their own companies' coverages. At the present time our membership is represented by approximately 25 members from 18 companies in Oregon and Washington as far away as 100 miles. These include many nationally-known organizations commonly known to most everyone.

Mutual Problems Discussed

Because we have representatives from large organizations they bring mutual problems for topics of discussion which have helped the Program Committees present speakers on subject matter to keep the interest of the members. During the past year the subjects discussed have included for example, the following: Marine insurance, non-owned automobile coverage, methods of property valuations and appraisal benefits, group major medical and health insurance, loss settlements under business interruption coverages, reciprocal insurance, discussion of stock companies, discussion of mutual companies, and others.

As can be seen, specialists from various phases of insurance matters have been asked to participate in our programs. A great deal of interest is always shown in the roundtable question and answer period following the main speaker's formal talk. Here the individual questions are brought out and comparisons are made with the members' present coverage on the problem. Many good ideas have been exchanged in this way.

Other Functions

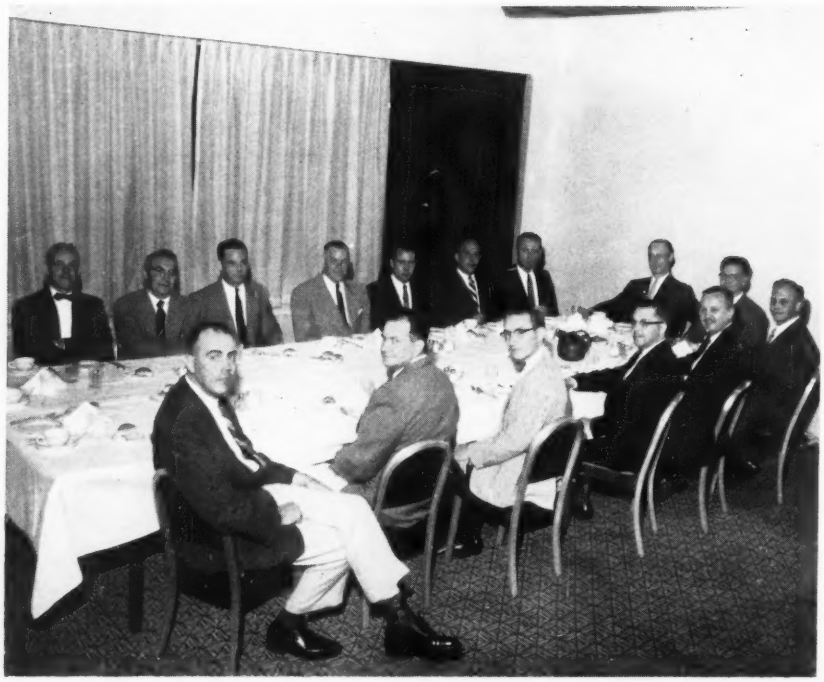
Also during the past year when the national organization suggested changing its name to the American Society of Insurance Management, Inc., our members felt this better denoted the purpose of the organization and agreed to the name change.

Our chapter has also been asked by the Oregon Association of Insurance Agents to work with them on matters of mutual interest to be brought before the Oregon State Legislature.

Mr. R. B. Taylor, the Insurance Commissioner of Oregon, has also shown a willingness to work with our group on matters where his department is concerned. Mr. Taylor has appeared before the members and explained the workings of his department and why many of our insurance regulations are set up as they are. We are also happy to say Mr. Taylor was elected President of the National Association of Insurance Commissioners at their annual meeting in St. Louis, Missouri, June 1, 1956.

Officers and Directors

The present officers are: Arthur K. McNett, Jantzen Inc., President; J. Doyle Pigg, Lipman Wolfe & Company, Vice President; John M. Charters, Consolidated Freightways, Inc., Secretary-Treasurer; M. A. Gudman, Industrial Air Products Co., Director; William J. Jones, First National Bank of Portland, Oregon, Director.



Members of Oregon Chapter at June meeting.

Robert B. Cumming Addresses Oregon Chapter

Robert B. Cumming, Oregon State Manager for the Fidelity & Deposit Company of Maryland, was guest speaker at the June 6th meeting of Oregon Chapter, ASIM.

Mr. Cumming spoke on fidelity coverage as it relates to burglary, robbery and forgery, with special emphasis on blanket bond coverages.

New Officers for Maryland Chapter, ASIM

Maryland Chapter, ASIM, elected new officers for the coming year at the June meeting.

Robert C. Colbert, The National Brewing Company of Baltimore, was elected president, succeeding T. V. Murphy. B. L. Beninghove, Maryland Shipbuilding & Drydock Company, was elected vice-president; and Miss Marion E. Bower of The Davison Chemical Corporation was elected secretary-treasurer.

Is the Assured Responsible for Non-Owned Automobiles?

by Doris V. Rushing

(An address before Oregon Chapter, ASIM)

It is well established in law that an employer is legally liable for the results of negligent acts on the part of any employee, in the course of his employment. This is the "Common Law" of Master and Servant. This legal liability extends, of course, to the driving by an employee of any automobile owned by his employer.

What is not so well known is that it is not the ownership of an automobile that determines the legal liability of the employer but the relation of master and servant. The ownership of the automobile has nothing to do with this legal liability because, if the employee, in the course of his employment, uses any automobile whether owned by the employer or not, the employer is legally responsible for damage to persons or property caused by negligent or careless operation of that car. This applies to bicycles — motorcycles — trucks or any other automotive equipment.

In the case of Farwell vs. Beaton and W. R. Corp., 38 American Decisions 339, the court explained the master's responsibility as follows: "A master is answerable because the servant is about the master's business and it is on the whole better that the master should suffer for the defaults in the conduct of his business than that innocent third persons should bear the losses that such defaults cast upon them."

If we were still using horses and wagons this adjudication would still apply. As a matter of fact, one of the earliest cases establishing this principle involved horses and a wagon and is the outstanding case on this subject in this country.

Singer Manufacturing Company Vs. Rahn, 1932 U. S. 518. 33 L. Ed. 440 (U. S. Supreme Court 1889).

A sewing machine agent, one Corbett, worked on a purely commission basis and regulated his own work except he agreed to give all his time to the business. He furnished his own horses but the company furnished the wagon. While driving he injured claimant. The judgment was against the Singer Manufacturing Company and this judgment was sustained on appeal to the U. S. Supreme Court.

Another case which is frequently cited is **Dillon Vs. Prudential Life Insurance Co. Et Al., 242 Pacific Rep., 736 (California, January, 1926).**

An agent of the defendant company named McDonald, on the way to an agents' meeting, driving his own car, caused an injury which resulted in death. A suit was brought against McDonald and the Prudential Life Ins. Co. The verdict was $10,000 against the company, which appealed the case on the ground that the agent was an independent contractor and that it did not control his means of getting about. The jury decided that he was an employee. The appeal was denied by the Supreme Court and the judgment affirmed.

Clark Vs. N. J. Fid. & P. G. Ins. Co. (Circuit Court, Portland, Oregon. July, 1928.)

Walton Shea, a law clerk in the office of E. L. McDougal, attorney and claim representative of New Jersey Fidelity & Plate Glass Ins. Co., was on a pleasure trip but took occasion to help adjust a claim while in the vicinity. His automobile caused injuries to one Clark, and the verdict for Clark against Shea and the New Jersey Company was for $50,607.00.

Leuis Vs. Natl. Cash Reg. Co., 84 N. J. L. 598; 87 Atl. 345 (New Jersey, 1913).

Plaintiff was injured by an automobile owned and driven by a salesman of the defendent company. The reasoning in the Rahn vs. Singer Manufacturing Company case was adopted by the court, and an additional point also was established. The court said that it was apparent that the salesman was to use some means of conveyance "and the fact that it was provided at the expense of the agent did not make it any less necessary in the carrying on of the business." This case was cited in the Dillon case, but no distinction was recognized between the need of conveyance for an insurance agent and such need upon the part of a salesman delivering heavy cash registers. A commentator says: "As a matter of fact, such a distinction would not appear to be controlling. Practically speaking, a reasonable means of conveyance is nearly as much to be anticipated for the purpose of canvassing a large territory as it is to carry samples of bulky machines."

Hubbell Vs. Realty Sales & Bldg. Corp. Et Al (Trial Court At Minneapolis, Minn., May, 1928).

A women riding with a real estate salesman employed by the defendant was injured when his

(More on page 38)

About the Author . . .

Mrs. Doris Rushing is an associate member of the firm of A. S. Frohman and Associates of Portland, Oregon, and has been in the insurance business for over sixteen years. With a background of handling the coverage of several large firms on a nation-wide basis, her experience well qualifies her to speak authoritatively on the subject "Is the Assured Responsible for Non-Owned Automobiles?" She is also a member of the Educational Committee of the Insurance Agents Association of Oregon.

Digest of Important Provisions of Model Draft of Workmen's Compensation Law

by

Mahlon Z. Eubank

Commerce and Industry Association of New York

(At the Semi-Annual Meeting of ASIM on May 8th, New York City, James J. Reid, member, Employees' Compensation Appeals Board, United States Department of Labor, addressed the dinner meeting on "An Appraisal of Workmen's Compensation in Caring for Occupationally Disabled Employees and Their Beneficiaries." He also high-lighted his remarks with specific references to the new model draft of Workmen's Compensation Law." Copies of Mr. Reid's speech have been sent to all Chapter Presidents of ASIM for discussion at the various chapter meetings.

In response to many requests, Mr. Eubank, has prepared a digest of the Important Provisions of the Model Draft of the Workmen's Compensation Law" and it is suggested that both Mr. Reid's speech and Mr. Eubank's digest, be reported at meetings of ASIM chapters).

Administration

A. A director, appointed by the Governor for term of six years, is the administrative officer. (Section 53)
   1. Shall appoint employees or officers under a merit system.
   2. May establish branch offices, etc., and appoint advisory medical panels and advisory committees.

B. Appeals Board appointed by the Governor (Section 54) for term of six years. (No lawyer required)
   1. Board may appoint its own employees and assistants.
   2. Only duty to hear appeals from awards of the Director or his hearing officer.
   3. During absence, illness or incapacity of any Board member, the Governor has the authority to designate, without term, any officer or employee of the state to serve during his absence as an alternate member of the Board.

C. Administrative Fund

Carriers and self-insurers are assessed by the Director the cost of administeing the act. This assessment is based on the gross premiums collected by the carrier for the preceding year. In respect to a self-insurer it is based upon the amount of premium as determined by the Director which such employer would have had to pay. The assessment may be made by percentage or any other manner as the Director may provide by regulation. (Section 61)

Coverage

A. Compulsory and payments must be secured by an insurance company, state fund or as a self-insurer. The latter is required annually to provide an indemnity bond or deposit securities. Authorization as a self-insurer is granted for a period of one year. (Sections 45 to 78)

B. Employers
   1. No "hazardous" employments listed as in New York law.
   2. All employers having one or more employees are covered. Section (3 [a])
   3. A contractor must secure the payment of compensation for the employees of a subcontractor unless the subcontractor has secured payment of such compensation. The only exception is for work comprising the alteration or repair of a single dwelling or the cutting or removal of timber by the owner or lessee of lands comprising and used principally as farm lands. (Section 9 [c])
   4. It is also provided that the acceptance of a premium on a workmen's compensation policy shall estop the insurance carrier from denying that any employee, upon whose wages such premium was paid is covered under the act during the period for which premium was received. (Section 9 [d])

C. Employees
   1. Coverage is applicable to independent contractors not having a separate business serving the public, and perform services related to the business of the employee, as well as newsboys, volunteer firemen and policemen, members of civil defense corps, state workers, minors whether legally or illegally employed and some farm workers. (Section 4)
   2. Employees which are excluded are (a) domestic servants, (b) those employed less than ten

(More on page 29)

PROTECTION *includes Prevention*

Constant vigilance against accidents is best fostered by regular reviews of problems and hazards . . . and the methods and equipment used to combat them. The Kemper Companies' corps of skilled safety engineers make it an essential practice to initiate and conduct discussions on safety for plant supervisors among the firms they insure.

The scene above is typical: safety engineer P. F. Pickett (seated, second right) goes over a report on a current problem with plant supervisors.

This service typifies the efforts constantly maintained by the Kemper Companies on behalf of policyholders. In fact, the companies endeavor to select as policyholders *those who are interested in reducing losses.* Prevention means savings for Kemper policyholders: the fewer losses, the more money is available for dividends.

This philosophy of "protection means prevention"—and savings—is a basic tenet of the Kemper Companies on such lines as Automobile, Fire, Workmens Compensation, General Liability, etc. As a result, the companies have paid dividends to policyholders since organization . . . thus lowering insurance costs. Furthermore, Kemper Insurance means policyholders get local agency service, since the companies *write exclusively through agents and brokers.* For further details see your broker or the nearest representative of the companies listed below.

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American MOTORISTS INSURANCE COMPANY
AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY

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Current Business Interruption Problems

and

Changes in Gross Earnings Manufacturing Form

FRANK S. GLENDENING

Mr. Glendening was graduated from Wharton School, University of Pennsylvania in 1922 and became a Certified Public Accountant in 1952. He served in the United States Naval Reserve during World War II and attained the rank of Captain.

He has served both underwriters and insureds in the accounting problems incident to loss adjustments and has also acted as advisor in setting up Business Interruption values for insurance managers for more than 25 years.

He is the author of many articles on Special Investigations and on Business Interruption Insurance.

He is a partner in the firm of Frank S. Glendening & Company, Certified Public Accountants, Philadelphia, Pennsylvania.

by

Frank S. Glendening, C.P.A.

Address before New York Chapter, ASIM, April 1956

Before the adoption of policies specifically covering losses in earnings there were many unsuccessful attempts to collect for losses in earning power as part of property damage recovery. In each of such cases the Court recognized that a loss of rents or of profits had occurred but it held that specific insurance was necessary in order to recover that type of loss. One of the earliest American policies covering a loss due to downtime after a fire was written in 1879. It provided for $400.00 each day and would have been exhausted in ninety days.

It is observed that this policy and others written to this day under a fixed or "valued" form make no reference to the earning power of the insured premises—no mention of profits or of expenses which might have been earned and no tie-in with actual loss sustained.

Many persons believe that the "valued" form of insurance is the only satisfactory type of protection against loss of time. I would be inclined to agree with them only if the underwriters *and* the insureds could, periodically, join in a scientific forecast of the insured's future prospects before the policy was written but this would have the effect of investigating every risk instead of every loss and it would be costly.

The questions which arise at the time of the adjustment of a business interruption claim should be answered by the wording of the insuring contract. Since it is impossible to anticipate all of the problems which might arise in each loss it is important that the insurers make certain that their intentions are clear. Some of those intentions are not always made clear and this causes trouble.

Advertising material published by the insurance companies themselves is responsible for some misunderstanding. The best example of this is the cliche "it will do what the business would have done . . . no more and no less." Three years ago I told the Eastern Loss Executives that "this definition of the business interruption coverage is as incorrect as it is brusque."

This faulty advertising is contradicted by the phraseology in the form itself. There are uninsured hazards such as are mentioned in the electrical apparatus clause, the clause on interruption by civil authority or the one on interference by strikers or other persons. There are the limitations found in the pro-rata and the contribution clauses. Then there is the exclusion of any loss of time in excess of 30 days for the replacement of raw stock or of stock in process and no time at all for replacing finished stock. Extraordinary expenses incurred to reduce the loss may exceed the amount by which the loss under the policy is thereby reduced and that excess is not recoverable. Remote losses are excluded, but how far away is remote?

Another clause states that "if the insured by resumption of complete or partial operations of the property herein described, or by making use of other property, equipment or supplies could reduce the loss . . . such reduction shall be taken into account . . ." It some times happens that an assured

(More on page 30)

Extra Value makes the difference in insurance

Making Imagination Safe

Disneyland, the happiest place on earth, is also the safest. Millions of happy patrons from throughout the U. S. and the world have visited this magic kingdom where the wonders of the future, the pioneer atmosphere of the past, the land of fantasy and adventure, all combine to make one's visit an unforgettable experience.

Indemnity Insurance Company of North America's safety and accident prevention experts worked with Mr. Disney's staff long before Disneyland became a reality and continue to work with them today, so that this magic kingdom is as free from hazards as the visitor's own home.

Safety is only one of the extra values North America Companies agents have at their command when seeking or holding business. Others are vast capacity, underwriting experience, technical competence, world-wide service facilities, that make North America the leader.

These extra values and their application to specific risks are currently being brought to the public's attention in a series of advertisements in business publications. You can give your key risks these extra values if you represent North America and if you merchandise the services North America, plus your own office, can give.

See the full story on Disneyland in the May issue of 'The North America Fieldman'

NORTH AMERICA COMPANIES

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Philadelphia Fire and Marine Insurance Company
Philadelphia

Protect what you have©

Crime Loss Prevention for Corporate Insurance Managers

by Walter L. Flynn

Walter L. Flynn

Why Property Loss Crimes Occur

When a person steals money or property, whether it is done by a novice or an experienced criminal there are generally two motivating factors. First is the desire of the thief to get possession of something he wants and second is the wish that he won't be caught in the act or apprehended later. People who covet the property and money of others constantly plan ways and means to accomplish their objective always keeping in mind the two motivating factors mentioned. This is true if the larceny is caused by a trusted employee, shoplifter, burglar, holdup man or any number of names given to individuals who cause property losses by crime.

In addition to the two motivating factors there is the third factor of opportunity which insurance managers and management can do much to control. By taking away the opportunity to steal it immediately removes the second motivating factor and creates a fear in the mind of the prospective thief that he might be caught. This naturally reduces the frequency and amounts of losses. For example, take a simple case of a petty cash fund. One person has control of it and it is audited or counted only every six months by the internal auditor. The person who has charge of the fund knows that he can take money from it — it won't be discovered until the next audit period, six months later and he can then falsify the records or use some other method to conceal his shortage. In order to remove the opportunity the audit periods should be shortened to thirty days and the audit should be made at unannounced intervals at a time unknown in advance to the individual who has charge of the fund. If the thief knows that audits are made in this manner he will realize that if he steals he might be caught any day so he will conquer his temptation.

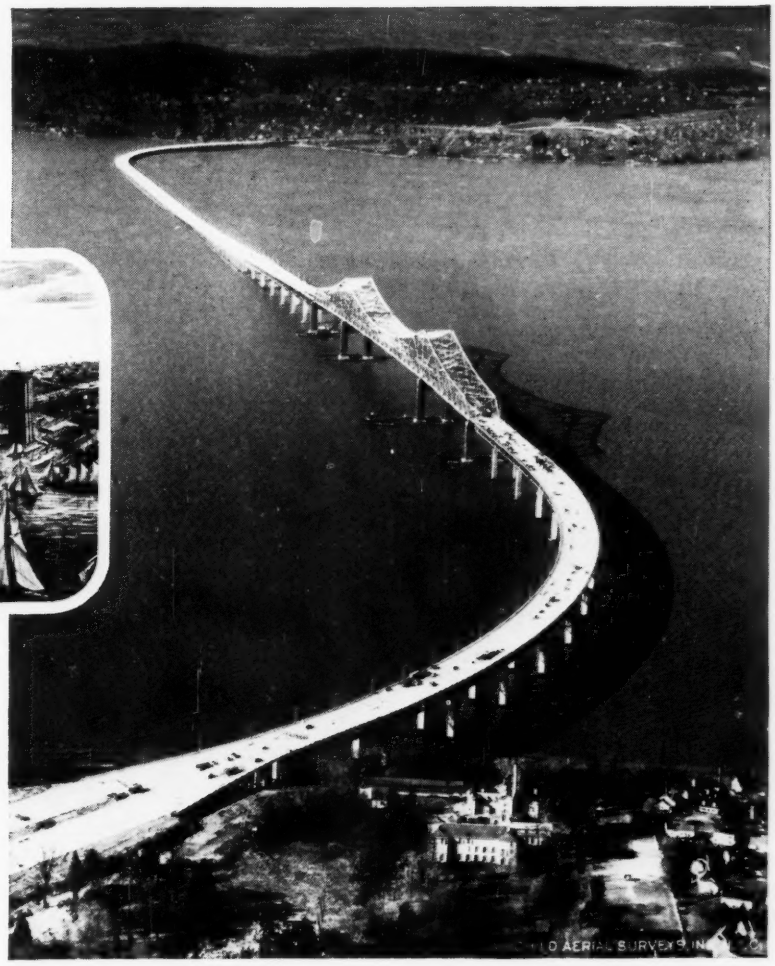
The author of this article, Walter L. Flynn, has devoted many years of his insurance career to making investigations, analyses and surveys of insurance and bonding problems. He was formerly manager of the New York Claim Department of a well-known bonding company. More recently, he was instrumental in organizing an insurance company service department for a company which renders business services. He has also conducted independent investigations, surveys and analyses for insurance companies, insurance brokers and their clients.

Benefits Of Loss Prevention

Many of us have heard some executives make the statement "Why should I bother to prevent loss—I am insured. Let the insurance company worry." Business executives today must adjust themselves to the present day economic conditions otherwise they will endanger the finances of their concerns whether they are corporations, partnerships or individual firms. My first response to a statement such as the above is "Have you enough insurance?" Statistics show that many losses caused by crime are underinsured and some tragically so. I recall one case where the loss was $500,000 and the bond covering the dishonest employee was $5,000. Aside from the fact that property crime losses are unpredictable as to amount, time and manner so that an employer can never be sure of placing insurance for the exact amount of future losses there are positive economical and material benefits an employer may receive if he follows a planned program of loss prevention.

The economic benefit is provided by the insurance companies. Fidelity bonds or honesty insurance is now written on a merit rated basis so that if an employer will control his losses he may earn an insurance credit ranging from 5% to 47% of his premium. I have learned from experience that most employers are anxious and willing to pursue any reasonable and practicable program to prevent and control losses. The economic benefit is only part of the reward received. Sup-

(More on page 14)



PORTRAIT

OF

PROGRESS

The great Suspension Bridge connecting New York and Brooklyn which was completed just a few months after the founding of Chubb & Son, really ushered in the modern era of bridge building. An era that has seen the spanning of our largest rivers—one in which Chubb & Son has played an active part in originating and developing construction bonds and other types of insurance to meet the changing requirements of the nation's great road building and construction industries. The best proof of the flexibility and scope of our facilities lies in our solution of your own immediate problems. Our 74 years' experience is your assurance of getting the maximum on every construction bond dollar expended. We invite you to share this experience.

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Third Party Liability Policies

by

M. Frank McCaffrey

Vice President of Byrnes-McCaffrey, Inc.

(speech before Insurance Buyers Association of Detroit, ASIM)

Mr. President and Members of the Insurance Buyers Association of Detroit:

I consider it a great honor to be asked by your Association to talk to you about Public Liability insurance. The reason Public Liability, or Third Party Liability, insurance, whichever you prefer, is so controversial is that it involves almost exclusively, people. As a matter of fact, it probably could be called Peoples Liability Insurance.

People are careless and hurt other people and the injured sue and then people, a jury, decide how much the insured owes. It is impossible to predict what is going to be involved under such circumstances. When further consideration is given to the fact that our modern industry from a Public Liability point of view is also unpredictable, the situation becomes even more involved. An insurance company may be insuring a metal worker today and tomorrow it is insuring the manufacturer of aircraft parts, their insured having gone into that business overnight. There are many such instances which you, of course, are familiar with.

Probably the outstanding example which came to my attention was a dairy company which had Public Liability insurance and the first thing that the carrier knew they were insuring a claim involving a coal mine. It seems the dairy company had become interested in some property adjacent to them and had gone into the strip-mining business.

Nothing that I say should be interpreted to mean that I feel I have any responsibility to worry about the insurance companies' underwriting policies. I know by experience that they are quite able to take care of themselves. However, in discussing Public Liability insurance, we should recognize why the Standard Form of Public Liability policy has been worded as it has.

M. Frank McCaffrey

M. Frank McCaffrey, Vice President of Byrnes-McCaffrey, Inc., has spent his entire business career in insurance, having started with the Globe Indemnity Company in 1926. He entered the Agency field in 1930 in Chicago and in 1939 was one of the principals organizing the insurance agency of Byrnes-McCaffrey, Inc.

He is a past President of the Detroit Association of Insurance Agents, is active in the Michigan Association of Insurance Agents, having headed the Law and Legislation Committee for several terms, and is presently serving as Chairman of the Conference Committee.

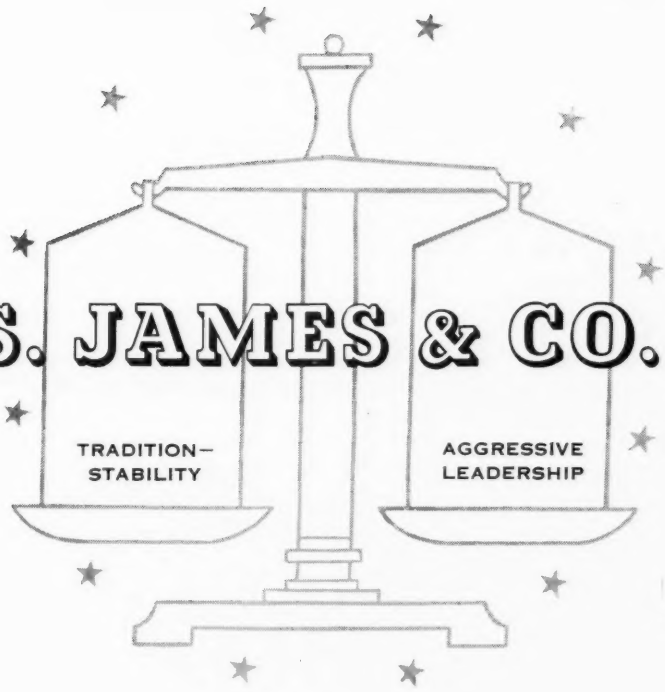
Briefly, recognizing that there are literally tens of thousands of conditions impossible to foresee and that can cause a loss to an underwriter of Public Liability insurance, the insurance companies designed their basic policy limiting their liability, as respects certain loss possibilities, so as to avoid as much as possible the unknown loss potential. I have heard many people say, and as a matter of fact have said so myself under certain circumstances, that we should have a truly Comprehensive Liability coverage. This, I am afraid, is oversimplification for the reasons explained a few moments ago and, if I were a stockholder of an insurance company, I would be very unhappy with management if they issued a Basic Comprehensive Public Liability insurance policy without any exclusions in it. The results I am confident would be disastrous.

There isn't any trick to composing such a policy and the Underwriters are perfectly capable of drawing up a Comprehensive Liability policy which would be a dream to the insurance buyer and insurance agent, but said experience has convinced them that it would be foolhardy to offer such a policy as a standard product.

* * *

I am going to confine my remarks to the Comprehensive Liability policy because I believe that the Automobile Liability policy is adequate for most risks. The Comprehensive Liability policy is actually a combination of several forms of liability coverage which years ago

(More on page 16)



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Crime

(From page 10)

pose a corporation pays a premium of $10,000 for fidelity bonds and spends $2,000 in loss prevention work and earns an insurance credit of 40% or $4,000. Then the $2,000 spent has been a good investment. In many companies the insurance managers work closely with or report to the financial officers such as the Treasurers or Comptrollers. In view of that fact the insurance managers can do much to help themselves, their superiors and the companies they work for by keeping them aware of the benefits of applying loss prevention wherever it is possible to do so.

In addition to the economic benefits flowing from applied loss prevention there is a material benefit which may have a greater value.

It is an evidence of good management not to have losses and everyone respects good management. When theft losses happen the knowledge of it spreads around the plant by the "grapevine" which is probably one of the fastest and most inaccurate means of transmitting information today. There may have been a theft of $500.00 worth of product, tools or perhaps even cash but by the time the story has reached the hundredth person the amount has grown to $50,000 through imagination. Stories like this are harmful to the morale of the personnel. The employees look at one another suspiciously wondering who the guilty person is. The prestige of the employer is lowered in the minds of the employees for permitting the loss to happen and then not doing anything about it. Employees will cooperate with their employers in loss prevention if they are given the chance to participate in the effort. The honest and loyal employees don't want losses to occur where they work any more than the management does. Information as to thefts should be posted on the bulletin boards and the guilty person or persons when they are found should be prosecuted. This action will protect the innocent and deter many who might be tempted. Finally it will create a respect by the employee for the employer.

A Planned Program and Its Application

When a doctor treats you for an illness he first examines you to learn the cause of your illness by the symptoms you have. He then diagnoses your illness and prescribes a treatment or medicine to attack the virus or the other elements which are the cause of the trouble. The same method of procedure produces the best results in loss prevention work. What are the causes of the loss and what are the opportunities for persons to commit losses?

None of us can ever hope to eliminate crime losses completely but through planned efforts we can minimize the losses and control them to a large extent. If a concern has an internal loss which continues for more than a year without discovery then it is evident that there is a weakness somewhere in the concern's accounting or security control to allow such a loss to continue undiscovered for such a long period.

Probably the best way to know that you are following a planned program is to first call in a loss prevention expert to make a loss prevention survey of your business. Such a survey will disclose the hazards which now exist, some of which may be unknown to you now and the survey report should suggest tested safeguards for you to use. If you have someone in your employ thoroughly experienced in dealing with crime losses he can make the survey for you. It should be in the form of a confidential report to be reviewed, considered and acted upon by the executive officers. The report should cover a review of the movement of money and products while they are in a concern's possession. In addition a review should be made of the methods of background checkups by the personnel department.

The departments to be covered by the survey should include:

Physical survey of the premises with particular attention to doors, windows, skylights and all en-

(More on page 18)

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Birmingham, Ala.
FORD-MYATT & EBAUGH

Boston, Mass. (Providence, R.I.)
BOIT, DALTON & CHURCH

Buffalo, N. Y.
J. N. WALSH COMPANY

Calgary, Alberta (Can.)
MACKID AGENCIES LTD.

Charlotte, N. C.
INTERSTATE INSURANCE, INC.

Chicago, Illinois
MOORE, CASE, LYMAN & HUBBARD

Cincinnati, Ohio
THE EARLS-BLAIN COMPANY

Cleveland, Ohio
THE W. F. RYAN CORPORATION

Columbia, S. C.
BOYLE-VAUGHAN AGENCY

Dallas, Texas
ELLIS, SMITH AND COMPANY

Denver, Colo.
VAN SCHAACK & COMPANY

Des Moines, Iowa
LA MAIR-MULOCK CO.

Detroit, Mich.
GENERAL UNDERWRITERS, INC.

Edmonton, Alberta (Can.)
CHAPMAN-WEBER AGENCIES, LTD.

Hartford, Conn.
ALLEN, RUSSELL & ALLEN

Havana, Cuba
G. F. KOHLY, S. A.

Houston, Texas
LANGHAM, LANGSTON AND BURNETT

Indianapolis, Ind.
BOWEN-MAHAFFEY

Jackson, Miss.
FOX-EVERETT, INC.

Jacksonville, Fla.
DONALD A. BOLTON & CO.

Kansas City, Mo. (Topeka, Kan.)
SPEED WARNER, INC.

Lincoln, Nebraska (Omaha)
WEAVER-MINIER COMPANY LTD.

Little Rock, Ark.
RECTOR, MEANS AND ROWLAND

Los Angeles, Calif.
MILLER, KUHRTS & COX

Louisville, Ky.
NAHM AND TURNER INSURANCE AGENCY, INC.

Memphis, Tenn.
D. A. FISHER, INC.

Miami, Fla.
COATES & DORSEY, INC.

Milwaukee, Wisc.
CHRIS. SCHROEDER & SON, INC.

Minneapolis, Minn.
WIRT WILSON & COMPANY

Mobile, Ala.
THAMES & BATRE

New Orleans, La.
GILLIS, HULSE & COLCOCK, INC.

New York, N. Y.
DESPARD & CO.

Philadelphia, Pa.
OSTHEIMER-WALSH, INC.

Phoenix, Ariz.
LUHRS INSURANCE AGENCY

Pittsburgh, Pa.
EDWARDS, GEORGE & CO., INC.

Portland, Oreg.
JEWETT, BARTON, LEAVY & KERN

Richmond, Va.
THE DAVENPORT INSURANCE CORP.

St. Louis, Mo.
W. H. MARKHAM & CO.

San Antonio, Texas
LYTLE W. GOSLING & COMPANY

San Francisco, Calif. (Oakland)
SPENCER & COMPANY

San Juan, Puerto Rico
COMPANIA CARRION, INC.

Savannah, Ga.
PALMER & CAY, INC.

Seattle, Wash. (Anchorage, Alaska)
LA BOW, HAYNES COMPANY, INC.

Toronto, Ontario (Can.)
TOMENSON, SAUNDERS, SMITH & GARFAT LTD.

Tulsa, Okla.
JOHN WAKEFIELD & ASSOCIATES

Vancouver, British Columbia (Can.)
DURHAM & BATES AGENCIES LTD.

Washington, D. C.
VICTOR O.SCHINNERER & CO., INC.

Wichita, Kans.
DULANEY, JOHNSTON & PRIEST

Winnipeg, Manitoba (Can.)
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INSURANCE SERVICE ASSOCIATION of AMERICA

Executive Offices: 323 W. Sixth St., Los Angeles

Presenting . . . "Dr. Teepee"

A few words about Dr. Teepee, the conductor of this column. Dr. Teepee contacted us claiming an expert knowledge on many subjects including insurance. Efforts to check his qualifications brought to light many interesting aspects, not particularly relating to insurance.

Question:
We often hear suggestions from Insurance Managers as to how brokers and insurance companies can improve their service. Don't you think it would be interesting and educational to know what the "other side" thinks about how the Insurance Manager could improve his service to brokers and companies?

Answer:
This was such an important question, I decided to conduct a poll among brokers, agents and insurance companies. This question was asked: What do you think the Insurance Managers could do to be of better service to their brokers, agents, and insurance companies?

The following is the tabulated result of this poll:

(1) Pay their premiums on time, and keep their darn mouths shut. 686

(2) Not consider it mandatory to accept *all* luncheon invitations. 523
(Note: In connection with above, 367 respondents also commented they thought Insurance Managers should try eating steaks *at home* once in a while.)

(3) Suggest they try getting a hotel room of their own when attending Conventions. 406

(4) Stop reading their policies, particularly Exclusion Clauses. 397

(5) Quit being so friendly with our competitors. 378

6) Get over the habit of asking for loss experience figures at renewal time. 274

(7) Try getting their own dates. 127

(8) Stop trying to reach us at our office at unreasonable hours; i.e., before 10:30 A.M., after 3:00 P.M. 7,322

(9) I honestly like Insurance Managers, and believe they make a very substantial contribution to the business. 1
(Note: This respondent's name not available as form signed with an X.)

Third Party

(From page 12)

were issued separately. Though these coverages are still available on an individual basis, there are few substantial risks today which are not on the Comprehensive form.

The limitations in the Comprehensive policy serve two purposes —(1) they exclude liability on the part of underwriters for serious exposures which they have no way of evaluating and are unwilling to assume without evaluation and (2) they make it necessary for the agent to come to them and ask for the elimination of certain exclusions which puts the insurer in a position of making an investigation so as to determine what premium, in their opinion, they should have to assume the unusual exposure.

At this point I must make it clear that I am strongly of the opinion that the broadest form of public liability insurance is available on any given risk. I have seldom, if ever, been confronted with a public liability exposure which was not insurable at some price. However, it is necessary to alter the basic policy in many instances and this is exactly what was intended.

It was suggested that I direct my remarks to the principal limitations in a Comprehensive Public Liability policy:—"Occurrence vs. Accident" in the Insuring Agreement, "Care and Custody Exclusion" and "Contractual Liability."

* * *

Let's take the question of "Occurrence vs. Accident" first. I have here a memorandum prepared by the Joint Forms Committee of the National Bureau of Casualty Underwriters and the American Mutual Alliance. This memorandum is titled "Caused by Accident." It contains 15 pages of single space material confined entirely to the question of Caused by Accident vs. Occurrence. This memorandum was drawn at the request of underwriters when some years ago they were considering using the word "Occurrence" instead of the word "Accident" in the insuring agreement of Public Liability policies. The meat of the matter is that the word "Accident" is more clearly

(More on page 18)

N. Y. Chapter Hears Deputy Insurance Comm. McNicholas

At a meeting of New York Chapter, ASIM, on May 24th at the Downtown Athletic Club, Deputy Insurance Commissioner Timothy McNicholas of the state of New Jersey, spoke on "New Jersey Department of Banking and Insurance — Past and Present." Seated at the head table from left to right are: Leffert Holtz, Insurance Commissioner, State of New York; Raymond Cox, president of New York Chapter; Timothy McNicholas, Deputy Commissioner, Department of Banking and Insurance, State of New Jersey; and William McGuinness, first vice-president New York Chapter. Standing, left to right: John Nees, program chairman; E. W. Pickel, treasurer; H. Stanley Goodwin, 2nd vice-president; and Peter A. Burke, executive secretary of New York Chapter.

Crime

(From page 14)

trances or exits to make certain they will resist the attack of burglars.

Is a burglar alarm used? Is it tested frequently to make certain that it is in working order at all times?

Are guards used? Are they stationed at points where they can perform the most effective service?

Are packages which are taken out by employees O.K.'d and checked?

Do employees visit their cars parked at the plant during the daytime?

Cashier's department. Survey method of making bank deposits and auditing petty cash funds, exposure of cash during the day.

Review methods of preparing and distributing payrolls.

Review method of control of raw material used for manufacture.

Review method of control of scrap material.

Review duties of Salesmen and Collectors.

Check methods in credit department.

Review bookkeeping department. Check methods used for accounts payable and reconcilement of bank accounts.

Review method of expenditures in advertising department.

Check methods in mail department.

Review personnel department — particularly methods used to check references past employers and backgrounds of new employees.

(written especially for The National Insurance Buyer)

Third Party

(From page 12)

defined and through usage is more explanatory than the word "Occurrence."

"Accident" is defined by Webster's Dictionary as a "sudden and unexpected event definite as to time and place." The word "Occurrence" is defined by Webster to mean (1) (a) a casual meeting, (b) that which occurs, especially adversely; (2) appearance or happening, as the occurrence of a fire; (3) any incident or event especially one that happens without being designed or expected, as an unusual occurrence; (4) the presence of any natural form or material at a particular place.

For our purposes it would seem that "Occurrence" is a broader word, particularly if we use the third definition in the dictionary, namely "any incident or event." This is broader than "A sudden unexpected event definite as to time and place."

Please understand that these 15 pages do result in a conclusion and the conclusion is that there is little or no difference between the two words. However, to further strengthen my opinion that "Occurrence" represents the broader treatment, many companies are unwilling to write Property Damage coverage under a Public Liability policy with the word "Occurrence" used rather than the word "Accident." If for no other reason, that in itself is enough for me. I am not an attorney but what the insurance companies do not want to write is usually something that is good for the insured.

Having argued this point for many years, I find that what insurance company people are concerned about principally is the following type of property damage loss which would be probably included under an "Occurrence" clause — False Arrest, False Imprisonment, False Eviction, Detention, Malicious Prosecution, Discrimination, Humiliation, Invasion of right of Privacy, Libel, Slander or Defamation of Character, Pirary and Infringement of Copyright—and in other words, loss to intangible property. I should say that they are willing

(More on page 20)

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 5,406,999.79	Reserve for Losses	$ 18,710,827.16
Mortgage Loans on Real Estate	946,030.04	Reserve for Loss Expenses	1,621,400.00
*Bonds and Stocks	162,401,031.61	Reserve for Unearned Premiums	52,622,853.30
Interest due and accrued	236,182.94	Reserve for Taxes and Expenses	3,290,258.00
Agents and Departmental Balances	3,803,131.44	Funds held under Reinsurance Treaties	5,845,871.38
Real Estate	3,086,000.00	All other Liabilities	1,261,182.18
Equity in Marine and Foreign Insurance Pools	9,721,363.59	Capital	15,000,000.00
All other Assets	1,365,827.61	Net Surplus	88,614,175.00
Total admitted Assets	$186,966,567.02	Total	$186,966,567.02

SURPLUS TO POLICYHOLDERS $103,614,175.00

Securities carried at $3,808,805.91 in the above statement are deposited as required by law.

GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 534,201.96	Reserve for Losses	$ 1,954,862.54
Mortgage Loans on Real Estate	1,283.32	Reserve for Loss Expenses	169,400.00
*Bonds and Stocks	14,240,435.20	Reserve for Unearned Premiums	5,864,044.20
Interest due and accrued	46,379.76	Reserve for Taxes and Expenses	382,318.00
Agents and Departmental Balances	178,165.49	All other Liabilities	17,574.18
Real Estate	150,000.00	Capital	1,000,000.00
All other Assets	262,765.55	Net Surplus	6,025,032.36
Total admitted assets	$15,413,231.28	Total	$15,413,231.28

SURPLUS TO POLICYHOLDERS $7,025,032.36

Securities carried at $795,543.41 in the above statement are deposited as required by law.

NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 851,570.55	Reserve for Losses	$ 1,954,862.54
*Bonds and Stocks	13,320,277.37	Reserve for Loss Expenses	169,400.00
Interest due and accrued	37,914.18	Reserve for Unearned Premiums	5,497,910.04
Agents and Departmental Balances	1,749,124.28	Reserve for Taxes and Expenses	387,418.00
Real Estate	66,000.00	All other Liabilities	17,574.18
All other Assets	132,584.55	Capital	2,000,000.00
Total admitted Assets	$16,157,470.93	Net Surplus	6,130,306.17
		Total	$16,157,470.93

SURPLUS TO POLICYHOLDERS $8,130,306.17

Securities carried at $1,956,902.96 in the above statement are deposited as required by law.

MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 1,089,155.22	Reserve for Losses	$ 5,306,055.46
Mortgage Loans on Real Estate	332,501.95	Reserve for Loss Expenses	459,800.00
*Bonds and Stocks	38,550,037.75	Reserve for Unearned Premiums	14,922,898.69
Interest due and accrued	99,954.84	Reserve for Taxes and Expenses	1,252,806.00
Agents and Departmental Balances	2,885,992.37	All other Liabilities	59,161.50
All other Assets	410,264.17	Capital	3,000,000.00
Total admitted Assets	$43,367,906.30	Net Surplus	18,367,184.65
		Total	$43,367,906.30

SURPLUS TO POLICYHOLDERS $21,367,184.65

Securities carried at $2,955,430.82 in the above statement are deposited as required by law.

ROYAL GENERAL INSURANCE COMPANY OF CANADA

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 39,031.74	Reserve for Taxes and Expenses	$ 3,980.86
Bonds and Stocks	404,536.14	Capital	100,000.00
Interest Due and Accrued	2,945.21	Net Surplus	353,917.08
Agents and Departmental Balances	11,384.85		
Total admitted Assets	$457,897.94	Total	$457,897.94

SURPLUS TO POLICYHOLDERS $453,917.08

Securities carried at $55,720.22 in the above statement are deposited as required by law.

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 2,050,054.59	Reserve for Losses	$19,529,061.00
Mortgage Loans on Real Estate	13,788.26	Reserve for Loss Expenses	2,247,095.00
*Bonds and Stocks	48,966,786.82	Reserve for Unearned Premiums	13,846,779.68
Interest due and accrued	167,466.15	Reserve for Taxes and Expenses	1,647,113.89
Agents and Departmental Balances	3,509,949.53	Funds held under Reinsurance Treaties	197,366.55
Equity in Marine and Foreign Insurance Pools	150,789.49	All other Liabilities	167,463.00
All other Assets	231,563.29	Capital	3,000,000.00
Total admitted Assets	$55,090,398.13	Net Surplus	14,455,519.01
		Total	$55,090,398.13

SURPLUS TO POLICYHOLDERS $17,455,519.01

Securities carried at $4,426,379.84 in the above statement are deposited as required by law.

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 1,902,307.91	Reserve for Losses	$24,001,921.00
Mortgage Loans on Real Estate	432,972.54	Reserve for Loss Expenses	2,664,267.00
*Bonds and Stocks	58,149,018.36	Reserve for Unearned Premiums	16,372,985.52
Interest due and accrued	175,081.72	Reserve for Taxes and Expenses	1,656,825.00
Agents and Departmental Balances	3,718,871.79	Funds held under reinsurance Treaties	663,218.89
Equity in Marine and Foreign Insurance Pools	156,973.17	All other Liabilities	119,854.37
All other Assets	276,839.35	Capital	3,000,000.00
Total admitted Assets	$64,812,064.84	Net Surplus	16,332,993.06
		Total	$64,812,064.84

SURPLUS TO POLICYHOLDERS $19,332,993.06

Securities carried at $1,691,171.13 in the above statement are deposited as required by law.

*Valuations on basis prescribed by National Association of Insurance Commissioners

Western Department
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department
912 Commerce St., Dallas 22, Texas

HOME OFFICE
10 PARK PLACE, NEWARK 1, NEW JERSEY

Foreign Department
102 Maiden Lane, New York 5, New York
206 Sansome St., San Francisco 4, Calif.

Pacific Department
220 Bush St., San Francisco 6, Calif.

Canadian Departments
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

Here's How Minnesota Chapter Solved The "Badge That Could Not Be Read"

How many times have you had to coyly move up to a member, squint your eyes to read his badge, and then politely say: "So, you're Mr. Smith of So-and-Company"? It's a little embarrassing, isn't it?

Here's how Minnesota Chapter solved this problem. On the opposite page are some of the new badges which all members wear at every meeting.

They are hand lettered — big — and brave — so anyone can see them at a glance. In most cases they have the insignia of the company (taken from letterheads, etc.) superimposed on the card.

This not only identifies the member, but identifies the company he represents.

We think this is something all chapters want to do — and so we proudly present: "How Minnesota Solved the Problem of the Badge You Could Not Read."

Minnesota Chapter Elects New Officers

K. N. Cervin of Minneapolis-Moline Company, was elected president of Minnesota Chapter, ASIM at a meeting on May 22nd.

Serving with Mr. Cervin are: E. G. Chambers of Minnesota Mining and Manufacturing Company as vice president; and Julian Mageli of Nash-Finch Company as secretary-treasurer. New directors of this chapter are: R. S. Johnsen of St. Paul Terminal Warehouse Company and H. T. Weber of Economics Laboratory, Inc., H. V. Noland, retiring president and the three newly elected officers are the other members of the Board of Directors.

Houston Area Chapter Elects New Officers

At a regular meeting of Houston Area Chapter, ASIM, on June 13th, R. F. Effinger, Jr. of Reed Roller Bit Company, was elected president. Serving with Mr. Effinger, are: Jack Campbell, Tennessee Gas Transmission Company as vice-president; R. C. Lee, Sheffield Steel Division, Armco Steel Corporation, as secretary; and John Wechsler, Eastern States Petroleum Company as treasurer.

New members of the Executive Committee are: Henry T. Fielding, McCarthy Oil & Gas Corporation; C. C. Hinson, Perforating Gun Atlas; and Sidney Leverett, Hughes Tool Company.

Cincinnati Chapter Elects New Officers

The Cincinnati Chapter, ASIM, held its final meeting of the business year on June 6th and elected three new directors for a three year term: Paul K. Dykes, A. J. Haberer, and I. H. Rumph.

Following the election of the new members to the Board of Directors, the board held its new meeting and elected officers for the year 1956-1957.

Those elected are: President, Lloyd R. Everhard; Vice-President, Thomas N. Fisher; Secretary, A. J. Haberer; Treasurer, A. L. Benjamin; and Assistant Treasurer, Paul K. Dykes.

Third Party

(From page 18)

to write this form of coverage but only after they have had an opportunity to rate the risk specifically.

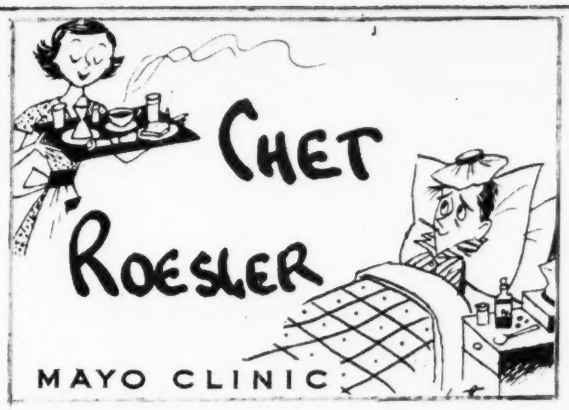
* * *

This brings us, however, to another problem which arises when the "Accident" limiting insuring agreement is used and that is Products Liability. We now get into the question as to whether or not Products Liability insurance is intended to guarantee the performance of the product. As you know, generally speaking the Products Liability policy is not intended to cover damage to the property out of which the accident arises. If you are selling automobile wheels, the insurance company does not intend to pay for damage to the wheel that failed—rather, for the loss that results from the failure of the wheel. However, let's take the example of a manufacturer of compasses. The compass is installed in an aircraft and does not function properly and consequently the aircraft is involved in an accident. It may have been improperly designed and I would, therefore, feel much more comfortable if I was insuring the compass manufacturer, if I had the "Occurrence" rather than the "Accident" wording.

We have another example, namely the manufacturer of a fire extinguisher which did not extinguish a fire as advertised and let's say a building was destroyed as a result. Certainly the fire was an accident, unless it was set by someone which probability we will rule out for our present purposes. But, was the failure of the extinguisher to extinguish the fire an accident? You can make a good case for it being an occurrence and I admit some will argue that there was an accident.

I feel that the word "Occurrence" has a definite advantage particularly in connection with the Prop-

(More on page 37)



HORMEL
GOOD FOOD

RAY
BOETTCHER
AUSTIN. MINN.

General Mills

HARRY
DAVIS
General Mills, Inc.

NORTHWEST AIRLINES

FRANK
SCOTT
NORTHWEST AIRLINES INC.

MANDO

CARL
HOLMER
MINNESOTA AND ONTARIO PAPER COMPANY

GREEN GIANT
DON
MARVIN
Le Sueur, Minnesota

Gambles
PAUL
MUCKE

JULIAN
MAGELI
NASH-FINCH COMPANY

Semi-Annual Meeting of ASIM

On May 8th, the first Semi-Annual Meeting of the American Society of Insurance Management was held at the Hotel Statler in New York. Sessions were divided into a breakfast meeting, with the Executive Commitee and Regional Vice-Presidents; a luncheon meeting with the Board of Directors and Chapter Presidents; a business meeting for all members; and a dinner meeting for members and guests.

Honorable James J. Reid, member Employee's Compensation Appeals Board, United States Department of Labor, and President of the International Association of Industrial Accident Boards and Commissions, addressed the dinner meeting on an "Appraisal of Workmen's Compensation in Caring for Occupational Disabled Employees and Their Beneficiaries." Copies of Mr. Reid's speech were sent to all chapter presidents to be read at chapter meetings.

At the business meetings reports were made by: Raymond V. Brady, treasurer; Linda Burke on the progress of The National Insurance Buyer; Regional Vice Presidents: W. H. Clem, B. M. Hulcher, T. V. Murphy, Merritt C. Schwenk, Jr. and A. G. Westcott reported on the chapter activities in their districts, and were introduced by Joe T. Parrett, first vice-president of ASIM, who also read a report from Ray Boettcher.

Peter A. Burke, managing director, spoke about the progress in the national organization in respect to membership and services; and B. E. Kelley, Chairman of the Executive Committee told of the 3 Executive Committee meetings held since November, 1955.

Introduced by H. Stanley Goodwin, 2nd Vice President of ASIM, the following chapter presidents or their representatives made reports:

For Central Illinois Chapter, Dr. H. Wayne Snider; for Cincinnati Chapter, W. T. McWhorter; for Dallas-Ft. Worth Chapter, W. H. Clem; for Delaware Valley Chapter, Frank W. Pennartz; for Insurance Buyers Association of Detroit, Earl McCarter; for Houston Area Chapter, C. K. Fierstone; for Maryland Chapter, T. V. Murphy; for New York Chapter, Raymond Cox; for Northern California Chapter, A. G. Westcott; for Oregon Chapter, A. G. Westcott; for Southern California Chapter, Joe T. Parrett; for Virginia-Carolina Chapter, B. M. Hulcher.

(For picture of the Dinner Meeting, see opposite page.)

New Officers for Central Illinois Chapter

Central Illinois Chapter, ASIM, recently elected new officers for the coming year.

D. W. Covey of LeTourneau-Westinghouse Company, Peoria, is the new president, and serving with Mr. Covey are: Gehl Tucker of A. E. Staley Manufacturing Company as vice-president; and K. K. Schroeder, A. E. Staley Manufacturing Company, as secretary-treasurer.

At the same meeting, the name of the chapter was changed from Central Illinois Insurance Managers Association to Central Illinois Chapter, American Society of Insurance Management.

Some plaster had fallen from the ceiling in his home and a retailer was trying to do his own repair job. But he used too much plaster and the whole mess fell down. "That proves what I've always contended," he said. "Over-applied overhead is a liability."

—Balance Sheet

* * *

Statistics reveal 30 out of every 100 employees lose time from work each year because of illness. Fifty percent remain away for one week to four months.

—Personnel Information Bulletin

Personnel Available

Ten years experience as Assistant Insurance Manager. Capable of handling the purchasing and administration of all forms of insurance coverage. Also personnel and industrial relations. Married. Age 42. Available at once. (Address — ASIM - 27).

* * *

Young man, 30, married — good education — would like to improve his position. Now employed as assistant to Insurance Department Manager of large private corporation. (Address — ASIM - 20).

* * *

Insurance Administrator: Currently employed by multi-plant electronic manufacturer, with domestic and foreign subsidiaries, devoting my full time to insurance and pensions. Eight years with present employer. Fully experienced in developing a well rounded program by negotiating "tailor made" policies for all types of business insurance. Age 44, married with two children. (Address — ASIM - 25).

* * *

Assistant Insurance Manager: Age 31, married, A.B. and LL.B. degrees. Extensive experience in the management of fire, casualty, transportation insurance for large manufacturing company. Also prepared proofs of loss, determined "insurable values" of real property and merchandise; assisted in the purchase of all types of insurance. Reliable, and personable. (Address — ASIM - 14).

* * *

Risk Manager seeks position offering a challenge and long-term security. Will re-locate. Licensed attorney. Specialist in reducing insurance costs for Casualty and allied lines. If insurance program is not large enough to require services of full-time risk manager, will handle accounts in Chicago and vicinity on part-time basis for fee and a share in money saved. Married, age 42, two children. (Address —ASIM-28).


FIRST SEMI-ANNUAL MEETING
PHILADELPHIA SOCIETY OF INSURANCE MANAGEMENT
HOTEL WARWICK
MAY 17 1956

Northern California Chapter, ASIM, Makes Two Presentations

"Scotty," as he is affectionately known, is the product of H. L. Hilleary (Standard Oil Company of California) and secretary of Northern California Chapter. He became the smybol for Northern California Chapter and since October, 1954, has appeared on the face of every program. He has fulfilled, in a most competent manner, his dual duties as goodwill ambassador and dollar stretcher.

Northern California has graciouly consented to allow any chapter of ASIM to use "Scotty" as an emblem and recently an exact replica of "Scotty" was made in New York, sent to Mr. Hilleary — an appropriate presentation was made to the Chapter at the June meeting.

(The reproduction was made by a talented young lady, whose professional name is "Joni" and may be ordered by writing to the National Insurance Buyer, 49 W. 32nd St., New York, N. Y.)

Back Row, l. to r.: T. G. Doudiet, Director; J. E. Moriarty, Director; J. P. Holstein, Vice President; H. W. Pedersen, Director; R. A. Westran, Treasurer; P. H. Small, Director. Presenting "Scotty": E. C. Lasater, President, to H. L. Hilleary, Secretary, (not present, J. E. Imig, Director).

Because of his outstanding service in the field of insurance education, an honorary membership in the American Society of Insurance Management, was presented to Howard Martin, Dean of the Insurance School, Golden Gate College, San Francisco, at the June meeting of Northern California Chapter, ASIM. Dr. Martin was especially instrumental in coordinating the recent Insurance Seminars, sponsored by Northern California Chapter, at Golden Gate College in San Francisco.

Making the presentation to Dr. Martin, l. to r.: Mr. J. P. Holstein; Dr. Howard Martin; Mr. Emerson Lasater; Mr. H. L. Hilleary; and Roy W. Mestran.

CHAPTER DIRECTORY

AMERICAN SOCIETY OF INSURANCE MANAGEMENT

CENTRAL ILLINOIS INSURANCE MANAGERS ASSOCIATION

Meetings—2nd Thursday of each month, Bloomington, Illinois. Dinner, 6:30 P.M.
President—D. W. Covey, LeTourneau-Westinghouse Co., Peoria, Ill.
Vice-Pres.—Gehl Tucker, A. E. Staley Mfg. Co., Decatur, Ill.
Secy.-Treas.—K. K. Schroeder, A. E. Staley Mfg. Co.

CHICAGO CHAPTER

Meetings—3rd Thursday of each month. September through May. Dinner, 6:00 P.M.
President—C. Henry Austin, Standard Oil Company (Indiana), Chicago
Vice-Pres.—Casimir Z. Greenley, International Minerals & Chemicals Corp., Chicago
Treasurer—G. J. Burns, Continental Ill. National Bank & Trust, Chicago
Secretary—Ann Auerbach, Goldblatt Bros., Inc.,
333 South State St., Chicago 4, Illinois

CINCINNATI CHAPTER

Meetings—1st Wednesday each month, except July and August. Luncheon, 12:00 Noon.
President—Lloyd R. Everhard, Trailmobile Inc., Cincinnati
Vice-Pres.—Thomas N. Fisher, Fifth Third Union Trust Co., Cincinnati
Treasurer—A. L. Benjamin, The Cincinnati Gas & Electric Co., Cincinnati
Asst. Treas.—Paul K. Dykes, Ohio River Company, Cincinnati
Secretary—A. J. Haberer, The Proctor & Gamble Company,
Gwynne Building, Cincinnati 1, Ohio

DALLAS-FORT WORTH CHAPTER

Meetings—3rd Thursday each month. Luncheon, 12:00 Noon
President—W. F. Shrimpton, Temco Aircraft Corp., Dallas
Vice-Pres.—D. C. Morris, Chance-Vought Aircraft Inc., Dallas
Treasurer—T. T. Redington, Jr., Dresser Industries, Inc., Dallas
Secretary—Miss Annette M. Johnson, The Murray Company,
3200 Canton Street, Dallas, Texas

DELAWARE VALLEY CHAPTER

Meetings—3rd Monday each month. Dinner, 6:30 P.M.
President—Frank W. Pennartz, Food Fair Stores, Inc., Philadelphia
Vice-Pres.—F. Walter Norcross, The Budd Company, Philadelphia
Treasurer—Samuel B. Wainer, Penn Fruit Co., Philadelphia
Asst. Secy.—Charles R. Garton, Atlantic City Electric Company, Atlantic City, N. J.
Asst. Treas.—David Day, R. M. Hollingshead Corporation, Camden, N. J.
Secretary—Harry R. Sage, Mutual Rendering Company, Inc.,
Ontario St. & Delaware River, Philadelphia 34, Penna.

INSURANCE BUYERS ASSOCIATION OF DETROIT

Meetings—3rd Wednesday each month. Dinner, 6:00 P.M.
President—M. R. DeLaurier, the Detroit Edison Company, Detroit
Vice-Pres.—R. H. French, Michigan Wisconsin Pipe Line Company, Detroit
Treasurer—F. L. Kiernan, Michigan Consolidated Gas Co., Detroit
Secretary—W. A. Johnston, Chrysler Corporation,
341 Massachusetts Ave., Detroit, Michigan

HOUSTON AREA CHAPTER

Meetings—2nd Wednesday each month. Luncheon, 11:30 A.M.
President—R. T. Effinger, Jr., Reed Roller Bit Company, Houston
Vice-Pres.—Jack Campbell, Tennessee Gas Transmission Co., Houston
Treasurer—John Wechsler, Eastern States Petroleum Co., Houston
Secretary—R. C. Lee, Sheffield Steel Division,
Armco Steel Corporation
P.O. Box 3129, Houston, Texas

MARYLAND CHAPTER

Meetings—3rd Thursday each month at 6:30 P.M. Sept.-June
President—Robert C. Colbert, National Brewing Company, Baltimore
Vice-Pres.—B. L. Beninghove, Maryland Shipbuilding & Drydock Co., Baltimore
Secy.-Treas.—Miss Marion E. Bower, The Davison Chemical Corp.
101 North Charles St.
Baltimore 1, Md.

MINNESOTA CHAPTER

Meetings—4th Thursday of each month. Dinner, 6:30 P.M.
President—K. N. Cervin, Minneapolis-Moline Co., Minneapolis
Vice Pres.—E. G. Chambers, Minnesota Mining and Manufacturing Co., St. Paul
Administrative Secy.—Lillian K. Polzin, 722 Second Ave. South, Minneapolis 2, Minnesota
Secy.-Treas.—Julian Mageli, Nash Finch Company
3115 West Lake Street, Minneapolis 16, Minn.

NEW YORK CHAPTER

Meetings—4th Thursday each month, except July and August. Luncheon, 12:20 P.M.
President—W. D. McGuinness, Port of New York Authority, N. Y. C.
1st Vice-Pres.—H. Stanley Goodwin, McKesson & Robbins, Inc., New York
2nd Vice-Pres.—Frank Hornby, Jr., Ebasco Services Inc., New York
Treasurer—J. M. Southwick, Ethyl Corporation, New York
Secretary—Robert B. Schellerup, Union Bag & Paper Company
Woolworth Building
New York 7, N. Y.

NORTHERN CALIFORNIA CHAPTER

Meetings—3rd Thursday of each month. Dinner, 6:00 P.M.
President—E. C. Lasater, Rosenberg Bros. & Co., Inc., San Francisco
Vice-Pres.—J. P. Holstein, California Packing Corp., San Francisco
Treasurer—R. A. Westran, Kaiser Companies, Oakland
Secretary—H. L. Hilleary, Standard Oil Company,
225 Bush Street, San Francisco, Calif.

OREGON CHAPTER

Meetings—1st Wednesday of each month. Dinner, 6:00 P.M.
President—Arthur K. McNett, Jantzen Inc., Portland, Oregon
Vice-Pres.—Doyle Pigg, Lipman Wolfe & Co., Portland, Oregon
Secy.-Treas.—John Charters, Consolidated Freightways, Inc.,
P.O. Box 3618, Portland 8, Oregon

SOUTHERN CALIFORNIA CHAPTER

Meetings—3rd Wednesday of each month. Dinner, 6:30 P.M.
President—Harvey Humphrey, Title Insurance & Trust Company, Los Angeles
Vice-Pres.—Erwin C. Jones, Southern California Edison Company, Los Angeles
Treasurer—Mrs. Anna A. Williams, California Bank, Los Angeles
Secretary—Earl Thompson, Security-First National Bank of Los Angeles,
561 South Spring Street, Los Angeles, Calif.

VIRGINIA-CAROLINA CHAPTER

Meetings—4th Tuesday each month except December (Check with Secretary for time and place).
President—B. M. Hulcher, Southern States Cooperative, Richmond, Va.
1st Vice-Pres.—Paul Stickler, Reynolds Metal Company, Richmond, Va.
2nd Vice-Pres.—A. Grant Whitney, Belk Stores, Inc., Charlotte, N. C.
Secy.-Treas.—Lydia S. Hammond, Miller & Rhoads, Inc.,
Richmond, Virginia

American Society Of Insurance Management, Inc.

Roster Of Member Companies by Chapters

CENTRAL ILLINOIS

Black & Company
Caterpillar Tractor Company
Decatur Herald & Review
Funk Brothers Seed Company
Illinois Power Company
Illinois Wesleyan University
S. D. Jarvis Company
Keystone Steel & Wire Company
LeTourneau-Westinghouse Company
Mississippi Valley Structural Steel Co.
Mueller Company
Princess Peggy, Inc.
J. L. Simmons Company, Inc.
A. E. Staley Manufacturing Co.
Steak & Shake

CHICAGO

Aldens Inc.
Allis-Chalmers Manufacturing Co.
American Bakeries Company
American Marietta Company
Automatic Electric Company
Borg-Warner Corporation
Bowman Dairy Company
Brunswick-Balke-Collender Co.
Bureau of Safety
Butler Brothers
A. M. Castle & Company
The Celotex Corporation
City Products Corporation
Collins Radio Company
Continental Ill. Nat'l Bank & Trust Co. of Chicago
Container Corporation of America
Crane Company
Cuneo Press, Inc.
Curtiss Candy Co.
R. R. Donnelley & Sons Co.
The Reuben H. Donnelley Corp.
Fairbanks, Morse & Company
Lloyd A. Frey Roofing Company
Goldblatt Bros., Inc.
Edward Hines Lumber Company
Inland Steel Company
International Cellucotton Products Co.
International Minerals & Chemical Corp.
Jewel Tea Co., Inc.
S. C. Johnson & Son, Inc.
Link-Belt Company
Liquid Carbonic Corp.
Magnaflux Corporation
Marshall Field & Company
The Meyercord Co.
Montgomery Ward & Company
Motorola, Inc.
National Standard Company
National Tea Company
Natural Gas Pipeline of America
Pabst Brewing Company
The Peoples Gas Light & Coke Co.
Pure Oil Company
Quaker Oats Company
A. O. Smith Corporation
Standard Oil Co. (Indiana)
Charles A. Stevens & Company
Stewart-Warner Corporation
The Tribune Company
United Air Lines, Inc.
United States Gypsum Company
Victor Chemical Works
Walgreen Drug Stores
The Willett Company
Wisconsin Electric Power Co.
Wisconsin Public Service Corporation

CINCINNATI

American Laundry Machinery Co.
Armco Steel Corporation
Bardes Corporation
Burger Brewing Company
The Philip Carey Mfg. Co.
Cincinnati Gas & Electric Co.
Cincinnati & Suburban Bell Telephone Co.
The Drackett Company
The Duriron Company, Inc.
The Eagle-Picher Company
Emery Industries, Inc.
Thomas Emery's Sons, Inc.
Federated Department Stores, Inc.
The Fifth Third Union Trust Company
The Formica Company
The Freiberg Mahogany Company
The Gardner Board & Carton Co.
The Girdler Company
The Globe Wernicke Company
Robert Gould Company
The Gruen Watch Company
The Andrew Jergens Company
The E. Kahn's Sons Company
The Kroger Company
The Lunkenheimer Company
Frank Messer & Sons, Inc.
The Metal Specialty Company
The H. H. Meyer Packing Company
The Mosler Safe Company
The Nivison Weiskopf Company
The Ohio River Company
The Procter & Gamble Company
The Provident Savings Bank & Trust Co.
Queen City Chevrolet Company
The Railway Supply & Mfg. Company
The Richardson-Taylor Globe Corp.
The Sorg Paper Co.
Toms River-Cincinnati Chemical Corp.
Trailmobile Inc.
United States Shoe Corporation
The U. S. Printing & Lithograph Co.
The George Wiedemann Brewing Co.

DALLAS-FT. WORTH

The British-American Oil Producing Company
Chance Vought Aircraft, Inc.
Coco-Cola Bottling Company
Collins Radio Co. (Texas Division)
Dallas Power & Light Co.
Dresser Industries, Inc.
The Frito Company
General American Oil Co. of Texas
Gifford-Hill & Co., Inc.
Intercontinental Mfg. Company, Inc.
Lone Star Gas Company
The Murray Company of Texas
Olmsted-Kirk Company
Dr. Pepper Company
Sun Oil Company
Temco Aircraft Corporation
Texas Automatic Sprinkler Corp.
The Times Herald Printing Company

DELAWARE VALLEY

American Viscose Corp.
Atlantic City Electric Company
The Atlantic Refining Company
The Budd Company
Best Markets, Inc.
Catalytic Construction Company
Cooks', Inc.
E. I. duPont de Nemours & Co., Inc.
Fidelity Mutual Life Insurance Co.
Food Fair Stores, Inc.
Giant Food Shopping Centre, Inc.
R. M. Hollingshead Corporation
Keasbey & Mattison Company
Kaiser Metal Products, Inc.
Mathiasen's Tanker Industries, Inc.
Mutual Rendering Company, Inc.
Penn Fruit Company
Penn Mutual Life Insurance Co.
Pennsylvania Salt Mfg. Co.
Philadelphia Electric Company
The Philadelphia Saving Fund Society
Philco Corp.
Publicker Industries
Radio Corporation of America
Scott Paper Company
S.K.F. Industries, Inc.
Smith, Kline & French Laboratories
United Engineers & Constructors, Inc.
The United Gas Improvement Company

DETROIT

American Blower Corporation
American Motors Corporation
Argus Cameras, Inc.
Bower Roller Bearing Division of Federal-Mogul Bower Bearings, Inc.
Bull Dog Electric Products Company
Burroughs Corporation
Chrysler Corporation
Darin & Armstrong, Inc.
Davidson Brothers
The Detroit Edison Company
Detroit Steel Corporation
Detroit Steel Products Company
Ex-Cell-O Corporation
Ford Motor Company
Freuhauf Trailer Company
Gar Wood Industries, Inc.
The Gear Grinding Machine Company
Goddard & Goddard Company
The J. L. Hudson Company
Hygrade Food Products Corporation
F. L. Jacobs Company
The Jam Handy Organization, Inc.
S. S. Kresge Company
McCord Corporation
Michigan Consolidated Gas Company
Michigan Wisconsin Pipe Line Co.
Micromatic Hone Corporation
The Murray Corporation of America
National Bank of Detroit
Parke Davis & Company
Peninsular Metal Products Corp.
Penn-Michigan Mfg. Corporation
Pfeiffer Brewing Company
The Udylite Corporation
The Upjohn Company
Woodall Industries, Inc.

HOUSTON

Ada Oil Company
Anderson Clayton & Company
Baroid Sales Division of National Lead Co.
Charles B. Boone
Columbia Drilling Company
Converted Rice, Inc.
The Dow Chemical Co.
Drilling & Exploration Co. Inc.
Eastern States Petroleum Co. Inc.
Foley's
Halliburton Oil Well Cementing Co.
Homco
Houston Oil Company of Texas
Jefferson Lake Sulphur Company
Perforating Guns Atlas Corp.
Quintana Petroleum Corporation

Reed Roller Bit Company
Schlumberger Well Surveying Corp.
Sheffield Steel Division of Armco Steel Corporation
Stewart & Stevenson Services, Inc.
Tennessee Gas Transmission Co.
Transcontinental Gas Pipe Line Corp.
Tuboscope Company
Win Hawkins Drilling Company

MARYLAND

Army & Air Force Exchange Service
The Arundel Corporation
Baltimore Contractors, Inc.
Cafritz Construction Co.
W. T. Cowan, Inc.
Crown Central Petroleum Corp.
Crown Cork & Seal Company
The Davison Chemical Corporation
Greenspring Dairy, Inc.
L. Greif & Bros., Inc.
Gunther Brewing Co., Inc.
The Hecht Company
Insurance Buyers' Council
The Glenn L. Martin Company
Maryland Shipbuilding & Drydock Co.
McCormick & Co., Inc.
Merchants Terminal Corp.
The National Brewing Co.
Office of Naval Material Department of the Navy
Olin Mathieson Chemical Corp.
Rice's Bakery
Safe Deposit & Trust Co. of Baltimore

MINNESOTA

Anderson Corporation
Cargill, Incorporated
Coca-Cola Bottling Co. of Minnesota
The Creamette Co.
Curtis 1000, Inc.
Economics Laboratory, Inc.
Fairmont Canning Company
Faribault Woolen Mill Company
Federal Cartridge Corporation
Fitger Brewing Company
Fullerton Lumber Company
Gamble-Skogmo, Inc.
M. A. Gedney Company
General Mills, Inc.
Green Giant Company
Theo. Hamm Brewing Company
Geo. A. Hormel & Co.
Industrial Aggregate Co.
International Milling Company
Landers-Norblom-Christenson Co.
Land O'Lakes Creameries, Inc.
Mayo Clinic
McCabe Company
Maney Bros. Mill & Elevator Co.
Minneapolis Brewing Company
Minneapolis-Honeywell Regulator Co.
Minneapolis-Moline Company
Minneapolis Star & Tribune Company
Minnesota Mining & Manufacturing Co.
Minnesota & Ontario Paper Co.
Munsingwear, Inc.
Nash-Finch Company
The B. F. Nelson Mfg. Co.
Northern Ordnance Inc.
Northern States Power Company
Northrup-King & Company
Northwest Airlines, Inc.
Owatonna Canning Company
Owatonna Tool Co.
Page & Hill Company
M. F. Patterson Dental Supply Co. of Minnesota
F. H. Peavey & Company
Pillsbury Mills, Inc.
Queen Stove Works, Inc.
Rayette, Inc.
Red Owl Stores, Inc.
Rochester Dairy Cooperative
Russell-Miller Milling Co.
St. Paul Terminal Warehouse Co.
Scott-Atwater Mfg. Company
J. L. Shiely Company
Super Valu Stores, Inc.
Universal Milking Machine Company
The Webb Publishing Co.
Winston Bros. Company

NEW YORK

ACF Industries, Inc.
Allied Stores Corporation
B. Altman & Co.
American Airlines
American Brake Shoe Company
American Broadcasting-Paramount Theatres, Inc.
American Bank Note Co.
American Can Company
American Chicle Company
American Cyanamid Company
American District Telegraph Co., Inc.
American Gas & Electric Service Co.
American Home Products Corp.
American Machine & Foundry Co.
American Management Association
American News Co., Inc.
The American Oil Company
Anaconda Company
Anaconda Wire & Cable Company
Arabian American Oil Company
Associated Dry Goods Corp.
The Babcock & Wilcox Company
Belk Stores
Bell Telephone Laboratories
The Best Foods, Inc.
Bigelow-Sanford Carpet Co., Inc.
Blades & Macaulay
Sidney Blumenthal & Co., Inc.
The Borden Company
Bristol Myers Company
Burlington Industries, Inc.
Canada Dry Ginger Ale Co.
John J. Casale, Inc.
Celanese Corporation of America
The Chase Manhattan Bank
Cities Service Petroleum, Inc.
Chilean Nitrate Sales Corporation
Climax Molybdenum Company
Coastal Oil Company
Coats & Clark's Sales Corporation
Colgate-Palmolive-Peet Company
Columbian Carbon Company
Combustion Engineering, Inc.
Commercial Solvents Corporation
Commonwealth Services, Inc.
Congoleum-Nairn, Inc.
Consolidated Cigar Corp.
Continental Baking Company
Continental Can Company, Inc.
Continental Grain Company
Continental Paper Company
Corporate Advisors, Inc.
Curtiss-Wright Corporation
Daystrom, Inc.
The Diamond Match Company
The Dime Savings Bank of Brooklyn
Dow, Jones & Co., Inc.
Ebasco Services Incorporated
Thomas A. Edison, Inc.
Joseph Dean Edwards
El Paso Natural Gas Company
Electrolux Corporation
Esso Standard Oil Company
Ethyl Corporation
Federal Paper Board Co., Inc.
The First National City Bank of New York
The Firth Carpet Company
Foster-Wheeler Corp
Robert Gair Company, Inc.
Geigy Chemical Corporation
General Aniline & Film Corporation
General Baking Company
General Electric Company
General Foods Corp.
Gibbs & Hill, Inc.
W. R. Grace & Company
Great Lakes Carbon Corporation
Guaranty Trust Company
S. Gumpert Co., Inc.
Hawley & Hoops
Hewitt-Robins, Inc.
Hudson Pulp & Paper Corp.
Imperial Paper & Color Corp.
Interchemical Corp.
Johns-Manville Corp.
Johnson & Johnson
A. & M. Karagheusian, Inc.
Kearfott Company, Inc.
Kennecott Copper Corporation
H. Kohnstamm & Co., Inc.
Lerner Stores Corp.
Lever Brothers Co.
Liggett & Myers Tobacco Co.
Lily-Tulip Cup Corp.
Thomas J. Lipton, Inc.
R. H. Macy & Co., Inc.
McKesson & Robbins, Incorporated
Manufacturers Trust Co.
Merritt-Chapman & Scott Corp.
Metal & Thermit Corp.
Monsanto Chemical Company
Philip Morris Incorporated
Muzak Corporation
National Biscuit Company
National Container Corporation
National Distillers Products Corporation
National Starch Products, Inc.
The Nestle Company
J. J. Newberry Company
New York City Housing Authority
New York Herald-Tribune
Olin Mathieson Chemical Corporation
Otis Elevator Company
Pan American World Airways, Inc.
Panaminas Incorporated
S. B. Penick & Co.
J. C. Penney & Co.
Chas. Pfizer & Co., Inc.
Pitney-Bowes, Inc.
The Port of New York Authority
Refined Syrups & Sugars, Inc.
Reliance Manufacturing Company
Republic Aviation Corporation
Research Cottrell, Inc.
Riegel Paper Corp.
Seagram-Distillers Corp.
Shell Oil Corp.
Alexander Smith, Inc.
Sperry Rand Corporation
Sperry Gyroscope Co.
Standard Oil Company (New Jersey)
J. P. Stevens & Co., Inc.
Sunshine Biscuit Company
Sylvania Electric Products
The Texas Company
Tide Water Associated Oil Co.
Union Bag & Paper Co.
United Aircraft Corp.
United Merchants & Manufacturers, Inc.
United Parcel Service
U. S. Industries, Inc.
United States Plywood Corporation
Universal Pictures Co., Inc.
West Disinfecting Company
Western Electric Company
West Virginia Pulp & Paper Company
Witco Chemical Company
Worthington Corporation

NORTHERN CALIFORNIA

American Trust Company
Guy F. Atkinson Company
Avoset Company
Bank of America NT & SA
Bank of California, N.A.
Bechtel Corporation
California & Hawaiian Sugar Refining Corp. Ltd.
California Packing Corporation
California Self-Insurers Association
California State Dental Association

Coast Service Company
Consolidated Chemical Industries, Inc.
The Crocker-Anglo National Bank
Crown Zellerbach Corp.
Cutter Laboratories
Department of Finance — State of California
Dinwiddie Construction Company
The Robert Dollar Company
The Emporium Capwell Company
Fibreboard Products, Inc.
The First Western Bank & Trust Company
Honolulu Oil Corporation
Kaiser Companies
Kern County Land Co.
Lando Products, Inc.
Lenkurt Electric Company, Inc.
Leslie Salt Company
Long Stores
Matson Navigation Company
Mund, McLaurin & Company
Pabco Products, Inc.
Pacific Gas & Electric Company
The Pacific Telephone & Telegraph Company
Pacific Transport Lines, Inc.
Rheem Manufacturing Company
Roos Bros., Inc.
Rosenberg Bros. & Co., Inc.
Rudiger-Lang Company
Safeway Stores, Inc.
Sonora Products Company
Southern Pacific Company
Spreckels Sugar Company
Standard Oil Company of California
Swinerton & Walberg Company
Tidewater Associated Oil Company
Transocean Air Lines
The Union Ice Company
Union Lumber Company
United Air Lines, Inc.
University of California
Utah Construction Company
Wells Fargo Bank
Wilbur-Ellis Company

OREGON

The Bank of California, N.A.
Columbia River Packers Association, Inc.
Consolidated Freightways, Inc.
Dant & Russell, Inc.
The First National Bank of Portland
Harbor Plywood Corporation
HYster Company
Industrial Air Products Co.
Jantzen Knitting Mills, Inc.
Lipman Wolfe & Company
Mail-Well Envelope Co.
Fred Meyer, Inc.
Oregon Pulp & Paper Company
Roberts Brothers
The United States National Bank
White Stag Manufacturing Co.
Willamette Iron & Steel Company

SOUTHERN CALIFORNIA

American Potash & Chemical Corp.
Baker Oil Tools, Inc.
Byron Jackson Company
California Bank
Carnation Company
Consolidated Western Steel Division of U. S. Steel Corporation
Douglas Aircraft Company, Inc.
Emsco Manufacturing Company
Farmers & Merchants National Bank
The Flintkote Company (Pioneer Division)
The Fluor Corporation, Ltd.
Forest Lawn Company
Frawley Corporation
Garett & Company, Inc.
Convair — A Division of General Dynamics Corporation
Gladding, McBean & Company
Graham Brothers, Inc.
Griffith Company
Hammond Lumber Company
The Alfred Hart Distilleries, Inc.
Hughes Aircraft Company
Kaiser Steel Corporation
Lane-Wells Company
Lockheed Aircraft Corp.
North American Aviation, Inc.
Northrop Aircraft, Inc.
The McCulloch Motors Corp.
Marquardt Aircraft Co.
The May Department Stores Co.
Metropolitan Water District of Southern California
Mission Appliance Corp.
Pacific Airmotive Corporation
Pacific Coast Borax Co. — Division of Borax Consolidated, Ltd.
The Ramo-Woolridge Corporation
Rexall Drug Company
Security-First National Bank of Los Angeles
Southern California Edison Company
Southern California Gas Co.
Studio Girl — Hollywood, Inc.
Superior Oil Company
Title Insurance and Trust Company
Turco Corporation
Union Oil Company of California

VIRGINIA-CAROLINA

American Enka Corporation
Camp Manufacturing Company, Inc.
Farmers Cooperative Exchanges, Inc.
Larus & Brother Company, Inc.
David M. Lea & Co., Inc.
Miller & Rhoads, Inc.
Noland Company, Inc.
Overnite Transportation Company
RF & P Railroad Company
Reynolds Metals Company
Smith-Douglass Company
Southern States Cooperative
Virginia Electric & Power Company

NON-CHAPTER MEMBERS

Alabama
The Ingalls Iron Works Company, Inc.
Stockham Valves & Fittings, Inc.

Arizona
Hughes Aircraft Company

Colorado
Colorado Fuel & Iron Corp.

Connecticut
Connecticut Light & Power Co.

Delaware
Diamond Ice & Coal Company

Florida
Florida Power & Light Company
Ryder System, Inc.

Georgia
The Coca Cola Company
Fulton Bag & Cotton Mills
West Point Manufacturing Company

Illinois
Sundstrand Machine Tool Company

Indiana
Insurance Audit & Inspection Co.
The Buhner Fertilizer Co., Inc.

Iowa
The Rath Packing Company

Kansas
The Carey Salt Company

Kentucky
The Mengel Company

Louisiana
United Gas Corporation

Maine
Central Maine Power Company

Massachusetts
Godfrey L. Cabot, Inc.
Simonds Saw & Steel Co.
American Optical Company
Massachusetts Mutual Life Insurance Co.
Howard D. Johnson Company
Betterley Associates

Michigan
Hiram Walker & Sons, Inc.
Gerber's Baby Foods
The Dow Chemical Company

Missouri
Panhandle Eastern Pipe Line Co.
Laclede Steel Company
The Seven-Up Company
Union Electric Company of Missouri

Nebraska
The Cudahy Packing Co.
Hinky-Dinky Stores Co.
Northern Natural Gas Company

New Mexico
Harold J. O'Neill

New York
Twin Coach Company
Corning Glass Works
New York State Electric & Gas Corp.
Rochester Gas & Electric Corp.
Columbus McKinnon Chain Corp.

Ohio
Firestone Tire & Rubber Company
The General Tire & Rubber Company
Diamond Alkali Company
The Parker Appliance Company
E. I. Evans & Company
Peoples Broadcasting Corporation
The Hoover Company
The Youngstown Sheet & Tube Company

Oklahoma
Oklahoma Gas & Electric Company

Pennsylvania
Titan Metal Manufacturing Co.
Armstrong Cork Company
G. C. Murphy Company
Nazareth Cement Company
Aluminum Company of America
Dravo Corporation
Eastern Gas & Fuel Associates
Neville Chemical Company
Pittsburgh Coke & Chemical Company
Pittsburgh Consolidation Coal Company
Sharen Steel Corporation

Rhode Island
Gorham Manufacturing Company
Grinnell Corporation
Wanskuck Company

Tennessee
Hardwick Stove Company

Texas
The Western Company

Virginia
Dan River Mills, Inc.

Vermont
Central Vermont Public Service Corp.

Washington
Boeing Airplane Company
Pacific American Fisheries, Inc.

West Virginia
Pennsylvania Glass Sand Corp.

Wisconsin
Fred Rueping Leather Company
Chain Belt Company
Harnischfeger Corporation
The Kurth Malting Co.
Nordberg Manufacturing Co.
Safway Steel Products, Inc.
A. Geo. Schulz Company

CANADA
Western Canada Breweries, Ltd.
British Columbia Electric Railway Co., Ltd.

Digest

(From page 6)

days to do repair, etc. at a private home of the person employing, (c) persons covered by federal laws, (d) those employed in agriculture of an employer whose cash payroll for the preceding year has not exceeded five hundred dollars and, (e) casual employees. The term "casual" is defined to refer only to irregular employments, not in the course of the trade, business or profession of the employer, or the work contemplated is to be completed in not exceeding ten working days, without regard to the number of men employed, and where the total labor cost of such work is less than one hundred dollars. (Section 7)

D. Extraterritorial Coverage

It is provided that the Model act applies to the injury or death of an employee of an employer who carries on any employment in the state, irrespective of where the injury or death occurs. Persons, however, who are covered by other state laws are excluded. This provision is drawn so that an injured worker may obtain compensation and avoid the situation where one state requires the place of contract to be in the state for an out-of-state injury and another requires the place of regular employment to be in such state. (Section 6)

Definitions

A. Injury

The Model Draft defines injury as follows:
Section 2 (a) "Injury means mental or physical harm, including diseases or infection to an employee arising out of employment and damage to or loss of prosthetic appliances."
Under the above definition it will be noted that the words "accidental injury" and the phrase "course of employment" are eliminated from the definition and that as defined it will include all occupational diseases. In fact, occupational disease is not defined in the Model Draft except for occupational deafness. (see p. 6) As defined, this definition is even broader than the New York law which includes "all occupational diseases." Partial silicosis appears to be included in this definition when it is a well-known fact that medical specialists in this field find it difficult to determine if such disease exists as well as the nature and extent of the disability.

B. Disability

The above term is defined as follows:
"Disability" means except for the purpose of 17 (c) relating to scheduled losses, a decrease of wage-earning capacity due to injury. This definition also gives the Director power to determine wage-earning capacity if the worker has no wage-earning capacity or if active earnings do not fairly represent this wage-earning capacity. (Section 2 [h])

Section 17 (c) includes all types of permanent partial disability including in addition to scheduled losses, disfigurement and occupational deafness. The last disability (see p. 6) is based upon loss of wage-earning capacity.

C. Compensation

The above term is defined as follows:
"Compensation" means all payments made under the provisions of this act, representing the sum of indemnity benefits and medical and related benefits. (Section 2 [k])
This Model Draft also defines the term "indemnity benefits" and "medical and related benefits" to mean:
"Indemnity benefits" means the cash payment made under the provisions of this act to the injured worker or to his dependents in case of death, excluding medical, hospital or related expenses. (Section 2 [i])
"Medical and related benefits" means payments for medical, hospital, burial, and other expenses as provided in this act other than indemnity benefits. (Section 2 [j])
The above definitions are important. For example, under section 28 (a) of the Model Draft "time limitation for filing of claims" the provision provided "except in any case in which indemnity benefits for disability or death have been paid, the right to compensation for disability shall be barred unless a claim therefor is filed within one year after the injury." It therefore appears that under this section the payment of medical expenses will not toll the one-year statute of limitation. However, section 35 of the Model Draft "application for modification," the term "compensation" is used and the payment of medical expenses therefore will permit the case to be reopened.

D. Wages

The definition of wages is similar to that as defined in the New York law but in addition it includes "gratuities received in the course of employment from others than the employer." (Section 2 [l]) This addition undoubtedly was intended for tips received by the employee but it is broad enough to also include presents (Christmas and otherwise), lunches, theatre tickets, entertainment, etc.

E. United States

The Model Draft defines the above term as follows:
"United States" when used in a geographical sense means the several states, the District of Columbia, and the territories, and the Canal Zone. (Section 2 [o])
It should also be noted that Puerto Rico now had a dominion status and under the above definition would not be included as part of the "United States."

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RECENT NEW MEMBERS OF ASIM

DALLAS-FT. WORTH CHAPTER
Campbell Taggart Associated Bakeries

DETROIT
Detroit Gasket & Manufacturing Co.
Detroit Harvester Company
Wyandotte Chemicals Corporation
L. A. Young Spring & Wire Corporation

HOUSTON AREA CHAPTER
Continental Oil Company

NEW YORK CHAPTER
The American Metal Company, Ltd.
The California Oil Company

OREGON CHAPTER
Portland Gas & Coke Company
West Coast Lumbermen's Association

MISCELLANEOUS STATES

Connecticut
The Kaman Aircraft Corporation
The United States Time Corporation

Illinois
Moorman Manufacturing Company

Missouri
Standard Milling Company

Pennsylvania
The National Supply Company

Current Business

(From page 8)

could reduce the loss but fails to do so.

* * *

The "Loss of Production" versus "Loss of Sales" argument continues unabated and many contradictory statements have been published on this subject. This debate has attached itself to every manufacturing form of business interruption policy ever written. Under valued forms there is no requirement for an insured to prove a loss of money because any interruption in the use of manufacturing facilities may produce a recoverable claim against the underwriters. However, since most other policies mention a limit to the recovery called "actual loss sustained" it would be well to study this phrase in the light of what has been said about it by our courts and by students of insurance.

The following quotations from advertising literature of insurance companies apparently have deviated from the form writers' intentions:

"A Business Interruption contract is designed to do for the insured just what his business would have done, with respect to earnings, had no loss occurred. If a merchant, department store owner or manufacturer suffers a fire loss which involves a suspension of business for any period of time before the damage can be repaired and the doors reopened for business, he is in a position to suffer an additional loss entirely apart from the property damage loss which we will assume is covered by fire insurance. The profit which normally would have been earned is lost and, in addition, he is obliged to pay those charges and expenses which must necessarily continue even though the business is shut down. A Business Interruption contract would reimburse the insured for such loss as is actually the earning value of his business, i.e. the income it is capable of *producing."*

Another advertising quotation follows:

"The only appreciable difference between the Mercantile or Non-Manufacturing forms and the Manufacturing forms is in the treatment accorded stock. Merchants are considered as a group which primarily buys merchandise and resells it in the same state of manufacture in which it is received by them. Manufacturers are a group which buy raw material and convert it into finished stock primarily by the use of machinery. Accordingly, it is considered that a merchant earns his profit when he sells his merchandise, whereas a manufacturer earns his profit when he converts raw stock into finished stock. *It will be well to remember this difference because it has a considerable bearing on the entire subject of insuring against earnings losses, and particularly the treatment accorded stock under the different forms."*

In point of sequence, the business interruption form covering net profit and such charges and expenses as must necessarily continue preceded the adoption of the gross earnings form. The net profit form embraces loss of net profit plus continuing charges and expenses, while the gross earnings form embraces loss of gross earnings less the charges and expenses which do not necessarily continue. In the operation of a business, gross earnings less expenses which do not necessarily continue should be equal to net profits and such expenses as must necessarily continue.

The already established net profit form reads, in part, that the company "shall be liable for not exceeding the ACTUAL LOSS SUSTAINED by the Insured . . . on the net profit which is thereby prevented from being earned and such charges and other expenses . . . as must necessarily continue during the interruption of business, to the extent only that such charges and expenses would have been earned had no loss occurred."

The established gross earnings form reads, in part, "The measure of recovery in the event of loss

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Robert C. Phelan Promoted

Robert C. Phelan, Insurance Manager for Consolidated Cigar Corporation, and a former director of New York Chapter, ASIM, was recently promoted to assistant vice-president of Consolidated Cigar Corporation.

Mr. Phelan came to Consolidated Cigar Corporation in 1948 where he organized its insurance department. He was responsible for initiating many new corporate procedures which resulted in appreciable efficiency and economy.

Prior to entering the cigar industry, Mr. Phelan was associated with R. H. Squire, New York insurance broker.

California Self-Insurers

The rules and regulations governing self-insurers, which have been under consideration for nearly two years, have been finally adopted and filed with the Secretary of State (California). In accordance with the law they became effective May 23, 1956.

Copies of these rules and regulations are now available and may be obtained by written request from Mr. Ernest B. Webb, Director, Department of Industrial Relations, State of California, Forum Building, Sacramento, California.

It is suggested that each self-insurer have of set of these rules and regulations for his use and guidance.

New York Chapter Holds Annual Election

At the June meeting of New York Chapter, ASIM, the following officers and directors were elected for the new term which begins September 1956:

President, W. D. McGuinness, Port of New York Authority; 1st Vice-President, H. Stanley Goodwin, McKesson & Robbins, Inc., 2nd Vice-President, Frank Hornby, Jr., Ebasco Services Incorporated; Treasurer, J. S. Southwick, Ethyl Corporation; and Secretary, Robert B. Schellerup, Union Bag & Paper Company.

Directors reelected to the Board are: E. W. Pickel, Foster-Wheeler Corporation; and Jesse M. Robinson, Panaminas, Inc. New members of the Board of Directors are James Mullen, Refined Syrups & Sugars, Inc.; R. B. Schellerup, and J. S. Southwick.

The past year was one of the most successful in chapter history, showing a substantial gain in membership and the highest attendance record at monthly luncheon meetings and seminars. This is indicative of the interest shown in the outstanding programs presented at both the meetings and seminars. (Program Chairman for the past year was John Nees of Robert Gair Company.)

Plans for the coming year call for additional activities including a stepped-up program of seminars, in addition to the regular monthly luncheon meetings.

The progress of New York Chapter, ASIM, is in keeping with the trend shown throughout the 13 other chapters of ASIM across the country.

W. D. McGuinness

W. D. McGuinness, President New York Chapter, ASIM

William D. McGuinness, president of New York Chapter, ASIM, is insurance manager for the Port of New York Authority.

He received his B.A. degree in Economics at Brooklyn Evening College and his M.B.A. degree in Corporate Finance at New York University.

With a considerable background as insurance underwriter, Mr. McGuinness became assistant insurance manager at Flintkote Company in 1946 and in 1951 joined the Port of New York Authority as assistant and claims supervisor, helping to reorganize the Port of New York Authority's insurance activities. In 1952, he became insurance manager.

Risk Management — A Profession

by

Dr. H. Wayne Snider

Honorary Member of ASIM and Associate Professor of Insurance Wesleyan University

If risk management is to become a profession, those who are now professionals must show the way. Some have to a large degree reached the goal of professional status. They have done so largely by experience—by trial and success. It is up to them to make the knowledge they have acquired available to others and thus develop the over-all program that is necessary to make risk management a profession.

Corporate Insurance Managers have a responsibility to write for magazines and journals explaining the basis for the decisions they make. The have a responsibility to accept leadership in seminars which develop principles and techniques to guide the activities of the risk managers. They have a responsibility to encourage the colleges to develop courses in risk management.

The essence of a profession is not to be found in a code of moral conduct, nor in an emphasis on public service. Instead, the essence of a profession lies in the specialized training and education required of it.

Benefits of Professionalism

The desirability of professional status for the corporate insurance manager is seldom questioned. The prestige attached to the occupation is increased. Increased prestige enables the corporate insurance manager to take a broader view of his responsibilities and his opportunities and thus encourage top management to give him the authority necessary to fulfill broader functions.

The most important benefit of professional status, however, comes from the process of achieving it. Since the essence of a profession is specialized training and education, it follows that basic principles and specialized techniques must be developed which will improve the efficiency and effectiveness of those engaged in this profession.

Sources of Training

There are many sources of information and training now available to the corporate insurance manager desiring to develop his knowledge and improve his skills. There are various courses in business subjects, training courses offered by insurance companies and trade associations, study programs developed by special institutes and associations, meetings and seminars, general and specialized textbooks on insurance and in business and insurance law, and commercial and learned magazines.

Those corporate insurance managers, who are now professionals, must show the way to improve present sources of information and training.

Honorary Membership to William M. Howard

An honorary membership in the American Society of Insurance Management was awarded to William M. Howard, Associate Professor of Insurance, University of Florida, School of Business Administration.

This was given in recognition of Mr. Howard's contribution to the advancement, through education, of the profession of insurance management and is in keeping with ASIM's policy to award honorary memberships to outstanding educators.

Current Business

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hereunder shall be the reduction in gross earnings . . . less charges and expenses which do not necessarily continue during the interruption of business . . . but not exceeding the ACTUAL LOSS SUSTAINED by the Insured resulting from such interruption of business".

The clause "not exceeding the actual loss sustained" is present in both the established net profit and established gross earnings forms.

It has sometimes been contended that the net profit form permits a recovery of net profit on production lost during the period of interruption even though there is no cancellation of sales and even though a monetary loss has not been sustained, upon the theory that the interruption prevented the earning of net profit on the quantity of finished goods that could have been produced during the period of interruption. In the main, this contention has been rejected by the courts which have held that the net profit form is a contract of indemnity and not a valued form.

* * *

An insurance company officer who is a member of the Time Element Committee of the Eastern Underwriters Association has recently written to me as follows:

"It never was intended that a loss under the Gross Earnings form for manufacturing risks, or for that matter, the two item form, should be based solely on production prevented; but that, on the contrary, loss under either should be limited to actual loss sustained.

"We have always held that production prevented was simply one of the yardsticks to be applied, and that the resulting loss of sales (immediate or future) must be taken into consideration in arriving at the recoverable claim.

"That, it seems to me, is equivalent to saying that we should pay no more than the loss which the prudent manufacturer would sustain if there was no Business Interruption Insurance.

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Medical

A. Medical Services

Medical benefits have no arbitrary limitation as to amount. In addition, such medical benefits extend not only to restoration of maximum physical capacity but also thereafter to the relief of pain. (Section 12 [a])

B. Choice of Physicians

The employee is required to choose an attending physician from a panel of a reasonable number of capable, suitable and impartial physicians to be named by the employer. However, the director may permit the injured employee to make selection of physician not on the panel, where specialized or extraordinary services are needed, or where the employee is injured outside the state or in cases of emergency. The director for each employer shall determine what number of physicians constitute a reasonable number for such a panel. The claimant has the right to select his own physician where the employer has failed to maintain such panel or fails to permit the employee to choose a physician from such a panel. (Section 12 [b])

C. Report of Physicians

Physicians and surgeons attending injured employees are required to make reports as required by the director. If they fail to make reports requested of him they are guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than $500 for each such offense. (Section 12 [c])

D. Independent Medical Opinion

If the director believes that any physician has not evaluated the extent or degree of physical or mental disability, he may send the claimant to be examined by a physician selected by him and obtain from such physician a report upon the condition or nature which is the subject of the inquiry. The employer, or his carrier may be charged by the director with the cost of such examination. (Section 12 [e])

E. Refusal to Submit to Medical or Surgical Treatment

Director may suspend the payment of further compensation during the time the claimant unreasonably refuses to submit to medical or surgical treatment. (Section 12 [d])

F. Rehabilitation

The director has the duty to determine whether the disabled employee needs vocational rehabilitation and allow additional compensation for board, lodging, travel and other expenses and for the maintenance of his family during the period of such rehabilitation. (Section 13)

G. Additional Medical Allowance

The director may allow an insured employee an additional sum of $50 weekly as a medical benefit if he finds that the service of an attendant is necessary to be used by reason of the employee's being totally blind or having lost both hands or both feet or the equivalent thereof or being paralyzed and unable to work or by reason of other disability resulting from the injury actually rendering him so helpless as to require constant attention. (Section 17 [e])

Disabilities

A. Permanent Total Disability

The definition in the Model Draft (Section 17 [a]) follows the New York law (Section 15-1) except that the phrase "in the absence of conclusive proof to the contrary" is not contained in the sentence that states that loss of both hands, etc. constitutes total permanent disability.

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In addition the Model Draft definition does not contain the sentence beginning with "notwithstanding any other provision of this chapter" concerning benefits for blind claimants who have earnings.

B. Temporary Total Disability
The Model Draft (Section 17 |b|) follows the New York definition (Section 15-2) for the above disability except the $6500 is eliminated.

C. Temporary Partial Disability
The Model Draft (Section 17 |d|) follows the New York definition (Section 15-5) for the above disability except the limitation of $5500 is eliminated.

D. Permanent Partial Disability
Section 17 (c) of the Model Draft follows to a great extent Section 15-3 of the New York law concerning the above disability. Important differences noted are:

1. Loss of hearing
Model Draft (Section 17 |c| 13)
1 ear — 52 weeks
Both ears — 200 weeks
New York law (Section 15-3m)
1 ear — 60 weeks
Both ears — 150 weeks

2. Loss of Vision
In lieu of section 15-3p "Binocular vision or per centum of vision" of the New York law the Model Draft provides:
17 (c) (16) Loss of vision: Where central visual acuity does not exceed 20/200 in the better eye with correcting lenses or the widest diameter of the visual field subtends an angle at no greater than 20 degrees, or for loss of binocular vision, the same as for loss of the eye.
17 (c) 17 Enucleation of eye: For loss of an eye by enucleation, 25 weeks in addition to indemnity benefits payable under 5 (Schedule loss — 160 weeks) of this section.

3. Total or partial loss of use of a member
In addition to the language used in section 15-3u "Total or partial loss or loss of use of more than one member or parts of member" of the New York law the following is added in section 17 (c) 21 of the Model Draft:
Except that where the injury affects only two or more digits of the same hand or foot, paragraph 18 (Section 15-3g of the New York law) of this subsection shall apply.

4. Disfigurement
The Model Draft Section 17 (c) 22 includes all serious face, head, or neck disfigurements with an amount not to exceed $5000. The indemnity benefits payable are in addition to other indemnity benefits payable under the section.

5. Occupational Deafness
This subject (Section 17 |c| 24) in the Model Draft is defined and has certain requirements as follows:

(a) Definition—Occupational deafness means permanent partial and permanent total loss of hearing of one or both ears caused by prolonged exposure to harmful noises in employment. Compensation for temporary total and temporary partial disability is specifically excluded in the Model Draft's definition.

(b) Requirements to obtain compensation —

1. No employer is liable to pay compensation unless the employee has worked in noise for at least 90 days and whose employment has contributed to any extent to the deafness.
   a. The employer is fully liable for the deafness, but may implead any other employer whose employment contributed, and they bear the cost equally unless the evidence warrants a different apportionment. Such impleading shall be accomplished by a notice on a form prescribed by the director.
   b. An employer may remit his liability by using the device of registering the the prior impairment in the manner prescribed in the second injury provision. (see p. 8)

2. No claim can be filed until the lapse of 6 months after a termination of exposure by transfer by the employer to work away from harmful noise, retirement, termination of the employer-employee relationship, or lay-off, if complete and continuous for at least 6 months.
   a. Employer required to give employee notice.
   b. If a transfer results in loss of wages, compensation is payable based on the reduction of earning capacity.
   c. Schedule
      1. Total occupational deafness of one ear — 52 weeks.
      2. Total occupational deafness of both ears — 200 weeks.
      3. Compensation for permanent partial occupational deafness shall be proportionate to the extent of such deafness.

E. Death
1. Definitions
(a) A dependent (all categories unless otherwise specified) is one who received more than half of his support from the deceased immediately prior to such employee's injury or death. (Section 2 |r| |1|)

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1. Widow — The term "widow" shall include only the deceased employee's wife living, with, or dependent upon him at the time of his injury or death, or living apart for justifiable cause or by reason of his desertion. (Section 2 [r] [A]).
2. Widower — The term "widower" shall include only the deceased employee's husband living with and dependent upon her at the time of her injury or death. (Section 2 [r] [B]).
3. Child — The term "child" means a child under 18 years of age, or a child 18 or over and physically or mentally incapable of self-support, or any child 18 or over who is dependent, including a posthumous child, a child legally adopted or for whom adoption proceedings are pending at time of death, a child in relation to whom the deceased employee stood in the place of a parent for at least one year prior to the time of death, and a step-child or acknowledged illegitimate child wholly dependent upon and living with the deceased employee. "Child" does not include married children unless wholly dependent on the employee. "Grandchild" means a child, as above defined, of a child as above defined. (Section 2 [r] [C]).
4. Brother and Sister — The term "brother" or "sister" means a brother or sister under 18 years of age, or if 18 or over and physically or mentally incapable of self-support, or 18 or over and dependent, including step-brother and step-sisters, half-brothers and half-sisters, and brothers and sisters by adoption, but does not include married brothers nor married sisters unless wholly dependent on the employee. (Section 2 [r] [2] [D]).
5. Parent — The term "parent" includes step-parents and parents by adoption, parent-in-law, and any person who for more than one year immediately prior to the death of the employee stood in the place of a parent to him, if dependent in each case. (Section 2 [r] [2] [E]).

2. Benefits
   (a) Widow-Widower — no children — during widowhood — 50%. (Section 19 [a] [1]) (N. Y. 40%)
   (b) Widow-Widower — with dependent children — 45% (N. Y. 30%) and 15% (N. Y. 20%) for each child. Children share divided equally if two or more for remaining 30%. (Section 19 [a] [2])
   (c) Children — no widow or widower — 35% for one child (N. Y. 30%) and 15% for each additional child, divided equally among such children. (Section 19 [a] [3])
   (d) Parent — 25%. (Section 19 [a] [5])
   (e) Brother, sister, grandparents and grandchildren — 25% but if more than one total indemnity benefits divided equally. (Section 19 [a] [6])
3. Maximum Amounts
   (a) 66⅔% of average coverage recommended. (Section 19 [c])
   (b) Benefits for all beneficiaries shall not exceed 75% of the average weekly wage. (Section 19 [d])
4. Funeral Expense (Section 20)
   (a) No amount set out.
   (b) Includes expenses to transport body to the residence if death occurred away from home.

F. Second Injury (Section 14)
1. The Model Draft provides as in New York that the employer would be liable for only 104

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weeks of compensation for those who have a permanent physical impairment including those with a history of heart trouble.
2. Excess compensation is paid from a special fund.
3. To qualify, however, an employer must register with the Director in advance of any subsequent injury the names of his employees with a pre-existing permanent impairment together with satisfactory evidence of such impairment.

G. Special (Second Injury) Fund (Section 52)
Payment from the fund for vocational rehabilitation (Section 13) and second injury (Section 14) are paid from a Special Fund. Payments out of the fund may also include necessary medical treatment where employer or his carrier is insolvent. Payments are made into the fund as follows:
1. $2000 indemnity benefits for death when no person is entitled to such benefits.
2. One percent of the gross premium received by carriers for workmen's compensation insurance.
3. One percent of the premium which a self-insurer would have had to pay to obtain workmen's compensation insurance.
4. Amounts collected as fines and penalties.
5. Percentage decreased or suspended for carriers or self-insurers, when the amount in the fund exceeds $_____.

Benefits

A. Average Weekly Wage
1. Benefits are based on the average weekly wage and Section 23 of the Model Draft generally follows the same method of determination as Section 14 of the New York law.
2. Self-employment is included in determining the average weekly wage under Section 23 (c) of the Model Draft when average annual earnings cannot be reasonably and fairly applied. This is not included in Section 14-3 of the New York law, however, the Model Draft does not contain the provision relating to military or naval service within 12 months prior to injury.
3. Section 23 (f) of the Model Draft provides that if the insured employee is under 27 years of age, his average wage can be adjusted to approximate what it would be by the time he reached the age of 27 but for the injury. The New York Law (Section 14-5), provides that such adjustments can be made only for minor employees.

B. Maximum and Minimum (Section 16)
1. The Model Draft does not contain any specific factor for weekly maximum and minimum benefit amounts. It is, however, recommended that the weekly maximum be set at least as high as 66⅔% of the average gross weekly wage of all covered employees in the state. For unemployment compensation purposes in 1954 the average weekly wage was approximately $84.00 a week. If the recommendation was followed it would mean that the weekly maximum in New York would be approximately $56.00.
2. No minimum amount is recommended.

C. Waiting Period — Period not specified but day on which injury occurred not included. (Section 15)

D. Compromise Payments (Section 18 |a|)
1. Compromise payments when approved by the Director are permitted only in case of permanent partial disability when a schedule loss (17 |c| 23) is not applicable and for temporary partial disability. They are utilized when the question at issue is the physical basis for the payment of compensation or the extent of earning capacity impairment and such issues cannot be resolved with reasonable certainty.
2. Payment is made by periodic instalments unless the director approves another method of payment.
3. The award on the basis of such settlement shall constitute an accord and settlement of the claim for indemnity benefits or disability but not for medical and related benefits unless the agreement should otherwise provide.

E. Lump Sum Payments (Section 29 |j|)
1. Liability for indemnity payments under the act may be discharged by the payment of a lump sum equal to the present value of future indemnity benefits commuted, computed at 3% true discount compounded annually.
2. Director determines if such lump sum is for the best interests of the worker and it is recommended by a rehabilitation specialist, or if a beneficiary is not a citizen of the United States or Canada is or about to become, a non-resident of the United States or Canada.

F. Aliens (Section 5)
1. An alien is defined in the law (Section 2 |p|) to mean a person who is not a citizen, a national, or a resident of the United States or of Canada. Any such person who relinquishes or is about to relinquish his residence in the United States shall be regarded as an alien.
2. Aliens, whether in this country or outside of the country are entitled to full benefits. However, a special alien compensation fund is created to receive payments where there is reason to believe the intended payee will not get the money. A blocked fund account is also set up to hold payments for alien enemies, so as to avoid their payment to the alien property custodian, and to keep the money — if the alien ultimately cannot receive it — within the state compensation system.
3. Compensation in a lump sum is provided to be paid to the alien outside of the United States if it is for his best interests. Future payments are discounted at 3%, true discount compounded annually.

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Third Party

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erty Damage Liability clause and, further, I am certain that Products Liability insurance must be carefully placed as the thinking in the market at this time is almost chaatic when it comes to the subject matter of Products Liability coverage.

* * *

Care and Custody Exclusion. This exclusion reads "This policy does not apply to injury or destruction of property owned or occupied by or rented to or controlled by the named insured or property in the care, custody or control of the insured." Recently the exclusion has been made more restrictive by adding the words "or property as to which the insured for any purpose is exercising physical control."

Historically, the exclusion was inserted in Public Liability policies because it was felt that such property would constitute bailee-ship and that there were other contracts which would better serve the purpose, said policies being issued by Marine and Fire companies.

Here again we have the unpredictable. It is impossible to gauge in advance what property of others a given insured may be controlling or have in their care and custody so that the underwriters exclude coverage, expecting us to come to them and ask for the elimination of the exclusion so that an investigation can be made and a proper premium secured. The exclusion was always a damaging one but with the addition of the words I have just referred to it becomes even more troublesome.

On the question of care, custody or control, it is, therefore, obvious that the insurance buyer and his agent must give a considerable amount of attention and consideration to what could happen, and wherever there is a possibility of such a loss occurring, have the exclusion deleted at an agreed-upon premium.

Contractual Liability—The standard form provides insurance for liability assumed by the insured, if in writing, but only as respects a lease of premises, easement agreement, agreement required by municipal ordinance, sidetrack agreement or elevator or escalator maintenance agreement. It goes without saying that this is not at all sufficient. I don't think that it is safe to place any policy involving even a modest sized industry without getting a so-called Blanket Contractual cover which provides that all liability assumed in all contracts is insured.

The companies usually require that they be furnished with some information as to the type of agreements entered into in the past and the premium that they charge to provide Blanket Contractual Liability insurance on the normal manufacturing risk is nominal. When we get into the realm of contractors, however, who are doing business on the premises of

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Is The Assured

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car overturned, July 1923. The verdict was against the Realty Sales & Bldg. Corp., the individual members of the firm and J. H. Arthur, the salesman. It amounted to $35,000 in favor of Mrs. Hubbell and $900 in favor of her husband. In this case, the salesman who drove the automobile carried automobile Public Liability insurance with a limit of $5,000 for injury to one person. If his policy was of the usual form with the "omnibus clause", the total protection for all three defendants was only the limit of the policy ($5,000).

Cunning Vs. Automobile Crank Service Co.

A factory employee was injured. Another employee who had his own car at hand offered to take the injured person to the hospital. On the way he struck a pedestrian, causing his death. The supreme court said: "This errand of the volunteer brought his automobile to the service of the defendant (the employer) and the driver thereof being his employee was at the time of the accident acting for the defendant, and the defendant is liable under the rule of respondent superior for his negligence."

Anonymous Case Under Illinois Imprisonment Law.

During a street-car strike, a restaurant owner was wondering how he would be able to get this waitresses to work. His chef said his brother-in-law had a car and he would borrow it and go after the waitresses at their homes. This he did and while in the brother-in-law's car he struck and killed an old man. Suit was brought against the chef, the brother-in-law and the employer as defendants. The brother-in-law was dismissed on the ground that he had no connection with the injury (illustrating the fact that liability does not depend on ownership). Judgment for $15,000 was given against the restaurant owner and the chef. The restaurant-owner said that it was not his car and he would never pay. Under the Illinois law he was seized on a body attachment and committed to the Cook County jail.

Reuben Dishman Vs. C. R. Whitney and Grote Rankin Company (Washington) 29 A. L. R. 460-N.

A verdict of $7,500 was rendered against the employer and the salesman. Grote Rankin Company was in the house furnishing business at Seattle, Wash. The store hours were from 8:45 A.M. to 5:15 P.M. Whitney was employed as salesman on a salary of $40 per week, and 2 per cent commission on sales. About 7 P.M. one evening he called in his automobile at the house of a prospective customer to discuss the sale of some house furnishings, parking his automobile in front of the customer's house. After concluding his discussion with his prospective customer, he got into his automobile and backed it over the plaintiff, who was changing a tire on his car parked behind. The employer defended on the ground that the salesman was an independent contractor and that the accident occurred after regular working hours. The court, however, said, "Where the facts presented are as consistent with the theory of agency as with that of independent contractors, the burden is upon the asserting the independency of the contractor to show that, by the use of the automobile, Whitney was able to see more people and presumably make more sales than he would have been able to do had he used any other method of transportation."

King Vs. United Railways, Western Union and Steve Sharmitaro (Circuit Court, St. Louis, 1927).

King was struck almost simultaneously, it was said, by a street car and by a bicycle ridden by Sharmitaro, a messenger for the Western Union. Verdict of $10,000 against the Western Union.

Duerksen Et. Ux. Vs. Mack International Truck Co. (Trial Court at Visalia, Cal. November, 1927).

Lampson, agent of the truck company, crashed into a machine driven by Ernest Watson. The Lampson automobile struck the Watson car which was occupied by plaintiffs. Lampson was killed and Mrs. Lampson got judgment against Watson. The plaintiffs, however, sued Lampson's employer instead of Watson and secured a verdict for $10,790.

Snell Vs. Pender and Western Creamery Co.

The Western Creamery Company employed John H. Pender, who, on December 2, 1928 at about 1:45 in the afternoon, while driving his own sedan on company business, was involved in a collision with a motorcycle owned and operated by Robert Snell, age 16, at the corner of Venice Boulevard and Reed Street, Los Angeles. As a result of this accident the boy's leg was broken. Gangrene developed and an amputation of the leg below the knee was necessary. Pender, the owner of the car, did not carry insurance. Suit was brought by the guardians of the boy for $50,000 against the Western Creamery and Pender. Settlement was arranged prior to trial for $17,000, the Western Creamery Co. paying $7,000 and the insurance company paying the policy limit of $10,000.

Many employers labor under the delusion that their relationship with their employees is that of "independent contractor." Let us review a few cases wherein the courts adjudicate otherwise.

Mast Vs. Bloom and Fuller Brush Co., Woodland, Calif.

Ten thousand dollars was awarded to nine-year-old Robert Mast for a permanent injury to his head, suffered in an automobile accident, by a jury in Superior Court after only 45 minutes' consideration. George Bloom, driver of the car that struck the boy near Madison, and the Fuller Brush Company, for which Bloom as an agent, were held jointly responsible in the verdict. Medical testimony showed that a fracture of the skull, sustained when the door handle of Bloom's auto hit the lad as he ran across the highway, left a portion of the brain unprotected by bone. Attempts to prove that Bloom was an independent dealer, thus freeing the brush company of any liability, were futile.

Karguth Vs. Donk Bros. Coal & Coke Co., 253 S. W. 367 (St. Louis).

A wagon owned by one Cora

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Maas, and driver employed by her, was occasionally used to deliver coal for Donk Bros. The driver of the wagon was paid by Cora Maas. This driver, while engaged in delivering coal at a residence, in attempting to throw coal from the wagon across the sidewalk into a cellar opening, negligently hurled a shovelful of coal suddenly against the plaintiff, knocking her down, inflicting serious personal injuries. Evidence held was sufficient to make a question for jury and to support its finding that the coal wagon driver, who injured plaintiff, was in employment of the company whose coal he was delivering and acting within the scope of his employment, even though third person owned the wagon and driver was her general servant. The Supreme Court there declared (299 Mo. 1. c. 597); "In view of the foregoing we hold that there was abundant substantial evidence in the case which warranted the jury in finding the issues for plaintiff; and especially, finding that the driver of the coal wagon was in the service of the defendant, and acting within the scope of his employment when he inflicted on plaintiff the injuries complained of therein. The record in this case presented mixed questions of law and fact, which it was the peculiar province of the jury to solve, under the guidance of the court. The above conclusion reached by us is founded upon substantial testimony, and is in full accord with both reason and authority as hereafter shown."

The same doctrine was reaffirmed in **Renfro Vs. Central Coal & Coke Co., 19 S. W. (2nd) 766.** There the truck merely had a card on it stating that the coal therein was from the defendent coal company. The reason actually behind these decisions is obviously that courts feel that so-called "independent contractor" arrangements between employers such as these coal companies and the truck drivers is, in fact, an attempted evasion of responsibility on the part of the company.

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Carver Vs. Eggerton, (Supreme Court of Mississippi, April, 1930).

This case is significant because (1) it involved a small merchant who used no automobiles directly in his business and used the services of a supposed "independent contractor" for deliveries, and (2) the person causing the accident had not even gone to work when the accident occurred. A druggist had an arrangement with a man who supplied his own automobile and bore all expenses of operating it to deliver merchandise for him. The "contractor" was involved in an accident one morning while on his way to the store, but before he had taken any parcels from the druggist. The druggist was held liable.

Stuyvesant Corporation Vs. Stahl, 62 Sou. (2nd) 18. (Supreme Court of Florida, January, 1953).

This recent case involves no new principles, but it is worth mentioning here because it shows how futile the defense that the operator of an automobile was an "independent contractor" usually turns out to be. Tips from parking guests' automobiles at a large resort hotel were so remunerative that the doorman paid the hotel $1,500 per year for the job—literally as a concession He hired his own assistants, paid for their uniforms and had complete control over them. The hotel did not charge guests for parking. An employee of the doorman-concessionaire was involved in an accident while driving an automobile of a guest. The hotel was held liable and its defense of "independent contractor" got it nowhere.

Robblee Vs. Cleveland Transit System and Cleveland Athletic Club (Court of Common Pleas, Cuyahoga County, Ohio, No. 622,522, Dec., 1951).

This case also does not bring out any new principles, but it is significant because the automobile in question was not being operated by anybody at the time of the accident. The club doorman had PARKED a guest's automobile in a "No Parking" zone. To avoid a collision with the automobile, a bus driver suddenly braked and swerved the bus, injuring a 66 year old widow. A suit against the utility and the club was settled JOINTLY for $75,000.

The outstanding non-ownership decision was rendered by the Supreme Court of California in 1951.

Malloy Vs. Fong Et Al 232 Pac. (2nd) 241.

A vacation school was conducted by a small church in San Mateo, California. Clinton Malloy, 14 years old, was one of the children attending the classes. He started, with other children, for the baseball field located a few blocks from the church. On the way he rode on the fender of the automobile belonging to the volunteer worker, Mr. Fong. A car came out of a side street and struck the car on which he was riding. As a result of the accident he lost a foot and lawsuit was instituted. This was in 1943. Eight years later thru several courts a judgment of $41,500 was handed down by the California Supreme Court against the Presbytery of San Francisco.

This decision was rendered on the basis that the San Francisco Presbytery was the central organization of that faith and the San Mateo church had accepted financial assistance from the Presbytery.

Neither the Presbytery—the San Mateo church or Mr. Fong had any insurance and the result was an immediate assessment against the members of the congregation of the Presbytery. In addition to the judgment of $41,500 it was estimated an additional $20,000 was spent in legal defense.

The facts, as brought out in this case, were that the Presbytery had no knowledge of the activity at the San Mateo church. The volunteer worker received no salary from either church group and yet it cost the Presbytery about $60,000 to learn they were responsible for operation of one non-owned automobile. This decision was a bombshell in non-ownership liability.

All of these cases could have been solved, prior to occurrence, had the principals carried non-owned car coverage. The premium cost for this coverage is negligible. There are two classes of employees. CLASS I includes those employees who regularly and frequently use their own cars on employers' business — salesmen — solicitors — collectors, etc.

CLASS II are all others. Perhaps a clearer definition would be CLASS I are outside employees and CLASS II inside employees.

Many employers think they have solved this problem by requiring each employee to carry insurance and furnish a certificate of insurance showing employer as additional insured. This is good practice so far as it prevails. What happens if the Insurance Manager for the firm overlooks getting a certificate from a new employee? What happens if the employee's policy is cancelled before the employer is notified? What happens if the employee borrows a friend's car or rents one? What if his limits are 20/40,000 and the judgment is for $50,000?

The answer to all of these questions is non-ownership insurance as the only certain safeguard. Non-ownership insurance covers the insured employer against

(1) Use of any private passenger automobile or motorcycle, including trailers not owned, hired or leased by, lent to or registered in the name of the insured, by *ANYONE* (employee or outsider) in business of the insured.

(2) Occasional or infrequent use of any commercial type automobile (truck) not owned, hired or leased by, lent to or registered in the name of the insured, by any employee of the insured in the insured's business.
(Regular and frequent use of commercial vehicles may be covered for an additional premium.)

Thus it can be seen that hired cars, which obviously are not owned, are not covered under the non-owned car insurance. What about U-Drive Cars? It is the custom of many firms today to use U-Drive cars at the end of a plane

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or train trip. Examine your procedure. Is the reservation made in the name of the firm or the name of the employee? If it is made in the name of the firm does it come under the category of hired cars? Many insurance companies consider this a part of the hired car coverage if it is secured in the employer's name. If the employee hires it in his own name and on his own responsibility, then most companies do not regard this as a "hired car" within the meaning of the non-owned car coverage and the employer would be covered. I would suggest that you clear this matter with your companies.

I believe the facts presented prove conclusively that every business firm and employer should carry non-owned car insurance and that all firms should carry hired car insurance.

I would like to point out here that officers of a corporation are covered by the non-owned car coverage for their PERSONAL LIABILITY AS OFFICERS for the operation of automobiles not owned by or hired by the officers. This protects the officers should they be joined in a suit against the corporation where they have operated automobiles which they did not own or hire, or where they have directed the operation of others.

Non-ownership coverage is excess over other collectible insurance. For instance, if an employee carries a liability policy with the Standard Additional Interests Clause and the employer is faced with a claim as the result of the use of that car, the employee's policy will protect the employer to the extent of the limits of the policy. If, and only if, these limits are exhausted the non-ownership coverage will apply as excess.

It is important that you bear in mind that the employee has no coverage under the non-owned car coverage and therefor is not relieved of the necessity of carrying liability insurance on his own car. This fact should be impressed upon the employee because even if his employer carries non-ownership insurance he is not relieved of his own responsibility for negligent acts. This fact was sustained in the case.

Fertig Vs. General Accident, Fire and Life Assurance Corp.
13 N. Y. Sup. (2nd) 872.

If employer and employee are sued jointly, as is usually the case, the non-ownership policy will protect the employer and if the judgment is in excess of the policy limits, the injured party could still proceed against the employee. Also courts have found, under particular circumstances, that the employee was not on company business at the time of accident and suit is dismissed as to the employer and judgment allowed to stand against the employee.

Furthermore, if an insurance company pays on behalf of the employer it can get a judgment against the employee causing the accident and collect if he has a home or other assets. The reason for this is, that altho the law per-

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mits a third party to collect from the employer, it does not relieve the employee of his primary liability, nor of his legal duty to reimburse the employer for money paid out because of his negligence. The subrogation provision of the Automobile Liability gives the insurance company the right to step into the shoes of the employer.

Lumbermen's Mutual Casualty Co. Vs. Charles A. Schutzman.

Default judgment for $35,476 in favor of the insurance company was entered in the Superior Court of Seattle, Washington. This was a case where the Insurance Company paid, on behalf of the Sanitary Scale Company of Illinois under a non-ownership policy of the Scale Co., the sum of $34,557.95 for personal injuries to 4 persons and $918.65 for adjuster's fees and court costs.

I would like to bring out one important point on this subject. For instance, a client drives his own automobile — perhaps only occasionally — in the performance of his employment. He buys liability coverage with limits based upon his own financial status. He should be told that the employer's ability to pay — not his — is the factor that will influence the size of claims arising out of his negligence while driving on company business. He would be made to realize that if because of inadequate liability limits carried by an employee an employer is not fully protected, then the employer can sue the employee for recovery of the amount in which the employer has been damaged.

Adequate limits are equally important to an employee who drives an automobile owned and insured by his employer. While both the employer and the employee may be covered up to the limits of that policy, if, as a result of the employee's negligence, a loss in excess of the limit is imposed upon the employer, then he can sue the employee for recovery of his damage even though the employer himself purchased the policy. It is important, therefore, that where limits on company-owned cars appear to the employee to be inadequate and the employee is reluctant to press the matter, he should arrange his own protection through the purchase of a "non-owner" policy. This assumes, of course, that the employee has no car of his own whereby drive-other-car protection can be arranged.

There is another hazard—a bit beyond the scope of the subject case but nevertheless important—confronting employees driving cars owned and insured by their employers. The employer's insurance on such a car covers the employee for pleasure use only if such use is with the permission of the employer. Now the difference between pleasure and business use often is a very fine line, frequently decided only when the bodily injury case is heard in court. It would seem the part of wisdom, therefore, that every employee driving a company owned car seek WRITTEN permission for pleasure use and being denied it arrange his own "non-owner" protection.

The above applies with even greater force to those employees who permit members of their families to drive company-owned cars for pleasure use. While it is common for employers to permit the use of company-owned cars for pleasure use by the employee, the contrary is true as respects members of the employee's family. Again the situation calls for either written permission or a "NON-OWNER" policy, or BROAD FORM DRIVE other car endorsement attached to his own policy.

What About Individuals?

This brings us face to face with our problems as individuals on non-ownership of automobiles.

I have already discussed the problems involved in business use of cars but what about the members of the family? The Use of Other Cars Clause in the standard automobile policy covers the named insured and spouse if resident in the same household but does not extend to the minor children or other relatives. Thus, if Junior drives a car not owned by his parents he has no coverage under his parents' policy. In 8 states the law provides that if a minor causes personal injury or property damage through negligent operation of an automobile, the person furnishing the car shall be liable. In 24 states liability is imposed upon the signer of the driver's license application or the parent or guardian. This applies to any automobile — not just one owned by parent or guardian.

Oregon is not included in either of these classifications. Here we operate under the old "Common Law" whereby the parent is not liable for the torts of the child. This does not, however, relieve the minor child of his own responsibility for negligence and he may be sued and a judgment entered against him. Therefore, it is recommended, that where there are minor children of driving age, that "Drive Other Car" endorsement be added to the parents' policy. Usually the limited form is sufficient.

If an individual is a member of the armed forces, or any of the Reserves, or other Government Agencies, and drives a government car he needs Broad Form D.O.C. coverage. The Federal Government does not carry liability insurance on all of its cars but the person driving that car may be held liable for negligent operation of such car. If he directs others to drive government cars then he needs a species of non-owned car coverage especially designed to cover such use. Many people of substantial means are in the service of the government and they are prime targets for personal injury lawyers seeking to pin a judgment on some one who can pay it.

* * *

I have discussed several types of non-owned automobile risks and the insurance contracts available to cover these risks. Determine which ones you need in your business or personal operations of automobiles and then be sure that you have limits of liability sufficiently large enough to contemplate a catastrophe loss. The premium on any of the coverages I have mentioned is very small. The protection afforded you by your insurance company is, at the minimum, defense costs and at the maximum, the limit of your policy liability.

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"The changes which were incorporated in the latest standard Gross Earnings form were actually editorial in nature, and only for the purpose of more specifically stating the duties of the Insured in respect to use of other property, including finished stock, if by such use, the loss to which the Insured and the companies would otherwise be exposed could be reduced.

"In the recovery clause, the phrase, 'Actual Loss Sustained' was repositioned (in the new form) to emphasize the intent to so limit the liability of the companies."

Let us discuss his statement "It *never* was intended" by reviewing the record.

On Page 148 of the thesis written by my friend, Clyde M. Kahler, now Professor of Insurance, Wharton School, University of Pennsylvania, on Business Interruption Insurance back in 1930, the author states:

"*In manufacturing risks it was assumed that earnings arose from production, not from sales and that the earnings of a particular period bore a direct relation to the volume of production for that period. In other words earnings were to be credited to the period in which the goods were produced, not to the period in which the earnings were realized . . . the manufacturers' expenses are earned as goods are produced even though not realized until the product is sold . . . To credit profits to the period during which the goods are produced would mean that inventory of finished goods would be written up to selling prices. A recognized authority in accounting says 'this is a practice which deserves condemnation'.*"

On Page 150, Dr. Kahler says:

"*. . . Where a business has a large stock of undamaged finished goods on hand at the time of a fire which interrupts its production, it may suffer no loss. If the stock of goods is sufficient to carry on sales until production can be resumed at a rate sufficient to supply current orders, and no increased expense has been necessary, those expenses which continued during the interrupted production would have produced no benefit for the manufacturer except to add to his already large stock. In this case, production would have ceased or the rate of production would have been diminished, even had there been no fire. But if depletion in sales were set up in every case as the basis for determining the extent to which the profits or continuing expenses were lost, it would necessitate a revision of the entire system of U & O insurance for manufacturers.*"

Your attention is invited to the letter of Augut 29, 1938, addressed to me by Prentiss B. Reed after his review of my article on U & O. I believe that Prentiss' viewpoint should be valuable because he was generally recognized as an authority on business interruption.

"I am very glad to note that on page 14 of your pamphlet on Use and Occupancy insurance you state:

" 'If sales are not lost but are merely postponed and if all are made that could have been made, even though effected at a later date, then there is no loss of sales and the use and occupancy recovery would be limited to the excess cost of operations.'

"A number of companies have in the past weakened and paid claims when sales were merely postponed. There is an illuminating statement in the referee's opinion in the Miner-Edgar case to the effect that profits cannot be made from production, but only from the sale of goods. As stated in the head notes of the decision, the language is:

" 'Transfers of raw material, goods in process, or finished goods from one department to another are not sales and do not result in the earnings of a profit.'

"An extract from the body of the decision reads:

" 'No profit can be made by moving goods from one room to another, or from one building to another, or from one department to another. A profit can be made only upon a sale of goods by the manufacturing organization as a whole to some outside person who pays for them.'

"I expect to use the language appearing in the extract whenever claim for lost production without loss of sales is made. I pass it along to you as it may help you to state the situation rather pungently should need arise for you to do so."

Prentiss B. Reed

In 33 Corpus Juris 7, the word "loss" is defined as follows:

" 'Loss' in insurance parlance is the pecuniary injury resulting from the occurrence of the contingency insured against . . ."

In ATLANTIC STEEL CO. v. HARTFORD FIRE INS. CO., the Court said:

"This was a suit upon the terms of a 'use and occupancy' clause of a policy of insurance. By consent, the case was submitted to the trial judge, without the intervention of a jury, upon an agreed statement of facts, and a verdict and judgment were rendered in favor of the defendant insurance company. It was shown in the agreed statement of facts that an explosion had occurred in one of the several mills of the Atlantic Steel Company, which resulted in the closing of that particular mill for fifteen working days, and that the shutting down of the mill was covered by the 'use and occupancy' clause of the policy. However, since a contract of insurance is one of indemnity, the burden was upon the plaintiff to show that the temporary closing of the mill had caused it an actual monetary loss (payment for the physical damage to the mill caused by the explosion having been made by the insurance company). The agreed statement of facts failed to show affirmatively that the plaintiff had sustained any actual *monetary* loss on account of the temporary closing of the particular mill in question, and the trial judge did not err in so finding."

* * *

In GOETZ v. HARTFORD FIRE INS. CO., defendants issued policies of business interruption insurance to an assured doing business in the City of Milwaukee and having buildings, machinery and

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equipment for the manufacture of electric drills. The clause in the policies reads as follows:

" 'The conditions of this contract are that if the buildings described above, and machinery and equipment contained therein, be destroyed or damaged by fire occurring during the terms of this policy so as to necessitate a total or partial suspension of business, this company shall be liable under this policy for the ACTUAL LOSS SUSTAINED consisting of net profits on the business which is hereby prevented, and such fixed charges and expenses pertaining thereto as must necessarily continue during a total or partial suspension of business and such expenses as are necessarily incurred for the purpose of reducing the loss under this policy, for not exceeding such length of time . . . as shall be required with the exercise of due diligence and dispatch to rebuild, repair, or replace such part of said buildings, and machinery and equipment as may be destroyed or damaged, subject,' etc."*

"A consideration of the clause quoted above and other conditions on the rider, particularly the phrase therein often recurring 'actual loss sustained', convinces us that the liability assumed was such that it is incumbent upon the insured, in seeking to recover, to show that by reason of the fire's interruption to the use and occupancy of the insured property, not merely that there were certain fixed charges and continuing expenses going on during the period of the suspension of business, but that such suspension took away something by which such fixed charges and expenses could have been met or discharged. Under the the verdict here, the insured, had there been a continuance of the business during the forty-nine days, could not during the period have earned sufficient to meet such required sum and cannot properly be said to have sustained the actual LOSS of an amount it concededly could not have had."

* Note the absence of the clause appearing in the form now in general use, "to the extent only that such charges and expenses would have been earned had no loss occurred."

* * *

In MINER-EDGAR CO. v. NORTH RIVER INSURANCE CO., 70 Insurance Law Journal 1084 (Supreme Court, New York County, 1928; not officially reported and previously referred to by Prentiss Reed), the parties submitted the question of the insurance companies' liability under the terms of a use and occupancy policy to the Appellate Division on an agreed statement of facts. The question of damages was referred.

Plaintiff operated a plant in New Jersey, manufacturing nitrocellulose. Defendant was one of several insurance companies which had issued to the plaintiff a policy of use and occupancy insurance providing that "this Company shall be liable under this policy for the actual loss sustained, consisting of net profits on the business which is thereby prevented, such fixed charges and expenses pertaining thereto as must necessarily continue during a total or partial suspension of business . . ."

Plaintiff maintained another plant in Newark in which it manufactured, chiefly, chemical compounds made up of nitrocellulose (nitrated cotton) dissolved in solvents and diluted. This product is known in the industry as dope used in making artificial leather.

One of the questions presented was whether intercompany sales might be included in the computations affecting the net profit alleged to have been lost.

The referee said (pp. 1093-1094):

"In my opinion inter-company transfers from one department to another should not be regarded as sales. No profit can be made by moving goods from one room to another, or from one building to another, or from one department to another. A profit can be made only upon a sale of goods by the manufacturing organization as a shole to some outside person who pays for them."

The referee said (p. 1096):

". . . Upon Defendant's argument, which is sound, that earnings can be made only on sales and not on production, Plaintiff could not sell what it could not produce."

The late Colonel ROBERT H. MONTGOMERY in his work entitled, "AUDITING THEORY AND PRACTICE" wrote:

"INVENTORY AT SELLING PRICES — The pricing of finished goods at sales prices irrespective of firm orders, less an estimated cost of delivery and similar charges would anticipate the profit, and usually it is not considered sound to take credit for profits which are not fully earned until delivery has been made and a cause of action has been established against a solvent debtor. Until delivery has been made, the sale is not usually considered complete. Orders may be cancelled or goods refused for many reasons; therefore, manufacturers usually do not consider that any profit has been earned on undelivered goods."

Also:

"The author considers unfortunate the practice in certain industries of stating 'inventories at selling prices', which is at variance with the principle of 'lower of cost or market' observed generally. He suggests that such industries be encouraged to change from the selling price method to the 'lower of cost or market'."

The Time Element Committee of the Inter-Regional Insurance Conference held a meeting at San Francisco, California, in April 1953, at which were present representatives of the Eastern Underwriters Association and other similar associations, and at that meeting the Committee concurred in the principle that the gross earnings manufacturing forms No. 2 and No. 4 are "actual loss sustained" contracts and are intended to provide for payment only when there is an actual monetary loss resulting from an interruption.

* * *

Many persons advocating the "sales value of production" viewpoint quote the Court in the Anderson Prichard case when it held that

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"a manufacturer's profit in his manufactured products is realized as, if, and when they are manufactured and not when they are sold and such profit is ascertained on the basis of the prevailing market prices when the products are manufactured."

Inspection of the Anderson-Prichard case discloses that the Court was dealing with a unique situation. The insured, an oil refiner, had two sections of his plant, the older crude oil stills with a capacity of about 5,000 barrels per day and a new "cracking" section with a capacity of about 3,000 barrels per day. The fire interrupted the "cracking" section but the old 5,000 barrel section continued to be used. At the time of the fire the insured had about 900,000 gallons of gasoline in storage which was saleable as it was as a finished product or could be used in a blending process to produce a higher priced finished product. The insured used about 600,000 gallons of this gasoline in the blending process while the "cracking" section was shut down.

The insured in its claim computed "actual loss" of profit during the interrupted period at sales less cost in comparison with normal profit similarly computed for the period. I understand that in computing cost of sales during the interrupted period it treated the inventory of finished gasoline used in blending as raw material and used as cost its market price. The insurer claimed that the "raw material" should be taken into the computation at reproduction cost. Because that "raw material" at the time of the fire was itself a finished product of the manufacturer saleable at a well established price the court sustained the use of its market value as the cost of the high-test stock produced from its use during the period of interruption. I think the remarks of the court in explaining its ruling should be limited to the particular problem which the court was deciding, to wit, the cost to be allocated to that

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others, the Blanket Contractual Liability insurance begins to represent a larger premium item. The reasons are obvious and, of course, the matter should be pursued to a conclusion on some sort of an agreed rating basis.

* * *

I have now covered the three principal limitations but the new Comprehensive Liability policy, which includes Automobile insurance, has 13 exclusions in it. It is a far cry from the first standard Comprehensive Liability policy which came out some 20 years ago. Conditions have resulted in insertions of exclusions and some of these exclusions also merit your careful attention.

For example, the policy does not apply to injury or damage due to war, insurrection, rebellion, etc., or due to any act or condition incident to the foregoing, with respect to (1) liability assumed by the insured under any contract or agreement.

We are just not going to get the companies to insure a war risk even under a Comprehensive Public Liability policy but I am concerned about the exclusion being broadened recently so as to exclude liability assumed by the insured under a contract where any act or condition incident to war, rebellion, etc. causes the loss. This is pretty broad wording and consequently it will be necessary for all of us to remember that the exclusion merits careful attention if we are engaged in the manufacture of war goods.

This policy does not apply by reason of any statute, or ordinance, pertaining to the sale, gift, distribution or use of any alcoholic beverage. We are all right in Michigan but in some states the Liquor Law applies to business parties and it will be necessary to amend the Comprehensive policy so as to take this into consideration so there will be no lapse in coverage.

Three exclusions have been added within the last year having to do with Water Damage, Explosion, Collapse and Underground damage caused by the use of mechanical equipment. While these exclusions were inserted in the past if the risk could be expected as a part of its normal operations to cause such a loss, they are now in the printed conditions and if the classification section of the declarations includes wording to the effect that these types of losses are excluded, the policy automatically vitiates coverage for such losses.

At this point I wish to point out that certain companies issue manuscript forms of policies presumably tailormade to the risk in question. The same coverage, however, can be secured through the so-called Bureau Companies who subscribe to the Standard Comprehensive form and, in fact, in some instances the modified Bureau form is broader than the so-called manuscript form. The companies who issue the manuscript form do not use this form on every risk and only apply it where they have rather complete knowledge as to the exposures.

* * *

It was also suggested that I discuss the determination of premium rates. As far as premium is concerned on the smaller risk, generally speaking, the manual is used as a basis of rating but on larger risks the experience of the risk itself, and possibly risks of a similar type known to the underwriter, have a great deal to do with the rates that will apply. In those instances Underwriters are looking

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Current Business

(From page 45)

material in its further use.

I disagree with the idea that loss of production facilities must *always* result in a loss of sales. There have been many losses adjusted on the basis of lost production because it has been established that a loss in sales would result therefrom but all claimants have not lost sales.

The "actual loss sustained" proviso is a statement of the elementary rule that the measure of recovery provided for is not to be applied so as to put the insured in a better position than it would have occupied if no damage had occurred.

The "Business Interruption Value" is merely a basis for computing rate and premium. It does not control the interpretation of "actual loss sustained". The "twelve Months" in the value statement, for example, is not a limitation on the time of recovery.

No manufacturer ever made a profit merely by conversion. His products must be both manufactured *and* sold before he makes a profit. If you eliminate sales from any operating statement, you will eliminate profit. The insurance writers are merely saying that a manufacturer cannot make a profit when he cannot make his products. However, they would not pay losses if there were no market for the product.

We cannot even determine sales value of production unless the production is sold. Where production is double sales, the dumping of the surplus upon the market could affect the sales price. "Current" sales prices would apply only if "current" sales are lost.

The chief difference between the new gross earnings form and the established form is in the specific mention of the "use of stock" under the new resumption of operations clause. The established form fails to mention stock specifically but it does state that if the insured "by making use of other property, equipment or supplies could reduce the loss, such reduction shall be taken into account in arriving at the amount of loss hereunder." My dictionary says that property is anything that may be owned; among its synonyms are chattels, goods and possessions. I have always been convinced that raw stock, goods in process or finished stock *is* property.

It remains to be seen how the new form will be applied when losses occur but to sum up it occurs to me that there is little difference between the established form and the new one. Moreover, it appears that we shall continue to argue over what is the *actual loss sustained*.

BUSINESS INTERRUPTION FORM NO. 4

Single Item Gross Earnings Form — Manufacturing

ESTABLISHED FORM

"The measure of recovery in the event of loss hereunder shall be the reduction in 'gross earnings' directly resulting from such interruption of business less charges and expenses which do not necessarily continue during the interruption of business, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property herein described as has been damaged or destroyed, commencing with the date of such damage or destruction and not limited by the date of expiration of this policy, but not exceeding the actual loss sustained by the insured resulting from such interruption of business. Due consideration shall be given to the continuation of normal charges and expenses including payroll, to the extent necessary to resume operations of the insured with the same quality of service which existed immediately preceding the loss."

"Resumption of Operations: If the insured by resumption of complete or partial operation of the property herein described or by making use of other property, equipment or supplies could reduce the loss resulting from interruption of business, such reduction shall be taken into account in arriving at the amount of loss hereunder."

BUSINESS INTERRUPTION FORM NO. 4

Single Item Gross Earnings Form — Manufacturing

NEW FORM

Recovery in the event of loss hereunder shall be the ACTUAL LOSS SUSTAINED by the Insured directly resulting from such interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property herein described as has been damaged or destroyed, commencing with the date of such damage or destruction and not limited by the date of expiration of this policy. Due consideration shall be given to the continuation of normal charges and expenses including payroll expense, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the loss.

3. RESUMPTION OF OPERATIONS: It is a condition of this insurance that if the Insured —

(a) By resumption of complete or partial operation of the property herein described, whether damaged or not, or

(b) By making use of stock (raw, in process or finished) or other property at the location described herein or elsewhere, could reduce the loss resulting from the interruption of business, such reduction shall be taken into account in arriving at the amount of loss hereunder.

Digest

(From page 36)

G. Benefits Not Payable (Section 9 |e|)
1. Injury was occasioned solely by the intoxication of the employee.
2. Employee wilfully intended to injure or kill himself or another.

H. Benefits reduced 15% by the wilful failure of the employe after notice by employer to use safety equipment, etc. (Section 21 |b|)

I. Benefits increased
1. 15% — violation of safety laws and orders (Section 21 |a|)
2. Double — injured minors illegally employed (Section 22)
3. In the two cases listed above, the insured employer is legally obligated to repay the carrier the increased indemnity benefits. Any provision in any insurance policy to relieve the employer for such increased indemnity benefits is void.

Procedures

A. Record of Injury or Death (Section 25)
1. Record required of any injuries to employees of which employer had knowledge.
2. Such record includes description of injury or disease, a statement of resulting disability and time employee was unable to work, a full account of the manner in which the injury occurred, and other information as the Director may require by regulation.

B. Report of Injury or Death (Section 26)
1. Employer shall inform Director within 10 days after the occurrence of an injury which results in either death or permanent impairment; or which renders the injured person unable to perform his duties or requires medical treatment beyond ordinary first-aid. Details must be given.
2. The Director must be informed by telegram or telephone within one day after the employer has knowledge of the fatal termination of an injury or occupational disease.
3. Failure to file report of injury may result in a penalty up to $500.00 which is paid into second injury fund and failure to file other reports may result in a civil penalty in the amount of $100.00.
4. Statute of limitation does not begin until report has been filed by employer.
5. Reports are not admissible in evidence.

C. Notice of Injury or Death (Section 27)
1. Notice must be given to employer within 30 days.
2. Notice waived if employer had knowledge or fails to object at first hearing and Director may excuse for satisfactory reason.

D. Method and Time of Payment (Section 29)
1. First installment due on the 14th day after employer had notice or knowledge of the employee's injury or death. Employer required to notify director when first payment is made.
2. Employer must controvert the right of compensation on or before the 14th day after he had knowledge of the alleged injury or death.
3. Failure to pay compensation, if not controverted within 14 days time, increases the amount of the benefit 10%.
4. Failure to pay compensation under the terms of an award within 14 days increases the award 20%.
5. Employer required to send director notice within 16 days after final payment of indemnity or suffer a penalty not exceeding $100.

E. Time Limitation (Section 28)
1. Except where indemnity benefits for disability or death have been paid, the time limitation for filing a claim is one year after the injury, death, or manifestation of the disease claimed to have resulted from employment.
2. For latent or undiscovered physical or mental impairment, the time for filing is extended until person knew of the existence of such impairment, he incurs loss of wages or has impaired capacity to earn or incurs a schedule physical loss for permanent partial disability.
3. After filing of a claim by a claimant the Director furnishes employer with notice and he must respond by answer within 10 days.

F. Application for Modification (Section 35)
Within 5 years after the date of last payment of compensation or rejection of a claim or demand, the Director upon his own initiative or on application of either party may review a compensation case and make a new determination provided there is:
(a) a change in condition, either physical or related to wage-earning capacity or status of the claimant,
(b) mistake in a determination of fact,
(c) mistake of law,
(d) fraud,
(e) clerical errors or a mistake in mathematical calculations, or
(f) newly discovered evidence.

G. Presumptions (Section 11)
The same presumptions as in Section 21 of the New York law are contained in the Model Draft except:
1. That the claim comes within the provision of this chapter, and
2. That the contents of medical and surgical reports as evidence by claimants for compensation shall constitute prima facie evidence of fact as to the matter contained therein.
3. Added to the presumptions of sufficient notice is that such notice of injury "has been timely filed."

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Digest

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H. Third Party Actions (Section 43)
1. Employee or his representative had right of action prior to six months after the cause of action accrues.
2. After the above six months period, the employer may maintain the cause of action up to 30 days before the running of the statute of limitations. Thereafter the cause of action reverts to the employee or his representative.
   (a) Employer in any case has cause of action where there is no person who is entitled to compensation for death and he has paid funeral expenses or made payment into the special fund.
3. If the employee brings the action he is permitted to retain at least ⅓ of any recovery before reimbursement is made to the employer.
4. If the employer brings the action he is allowed an extra 1/5 of the proceeds over his reimbursement and expenses.
5. No settlements or compromises of a claim against a third party may be made without the written consent of the beneficiary (if the claim is prosecuted by the employer) or without the written consent of the employer (if the claim is prosecuted by the beneficiary).

Hearings and Appeals

A. A hearing of the Director or a hearing officer may be had (Section 34)
1. Application of either party
2. Ordered by Director
3. Issues cannot be resolved by a pre-hearing conference
4. Decision final if not appealed to Appeals Board within 20 days.

B. Appeal to Board (Section 36)
1. The decision of the Board upon appeal must be made in the form of an order, supported by written opinion or statement setting forth the reasons for the action taken.
2. Board on own motion or any party has the right to file application for reconsideration.
3. Decision final if no judicial appeal within 30 days.

C. Evidence (Section 37)
1. Rule of Director must provide informal hearings of Director of Board be in the nature of a conference where statutory rules of evidence and procedure are not applicable.
2. Declarations of a deceased employee concerning the injury and the cause thereof shall be received in evidence and may, if supported by corroborating evidence, be deemed sufficient to establish the fact of injury.

D. Judicial Review (Section 38)
Judicial review is by injunction, mandatory or otherwise, to suspend, modify or set aside, in whole or in part, a decision found not to be in accordance with law, or to compel administrative actions unlawfully withheld or denied.

E. Enforcement of Payment (Section 39)
Default in payment of benefits by a decision or or an award will result in the benefits bearing 4% interest if application is filed after 30 days and not more than two years from due date.

F. Attorney Fees (Section 42 [a])
1. In controverted cases, the attorney who successfully obtained benefits for the claimant is entitled to an attorney fee from the employer or his carrier at a reasonable amount to be approved by the Director, hearing officer, Board or court in each proceeding.
2. Payment of attorney fees from an award is made only when original demand of claimant is unreasonable or frivolous and attorney is not at fault.

G. Witnesses (Section 46)
1. Mileage and fees must be tendered if hearing is more than 100 miles from the place of residence.
2. Testimony of any witness may be taken by deposition or interrogatories according to rules and practice of the court for the judicial district in which the case is pending before a hearing officer or any person authorized to take testimony.

Third Party

(From page 44)

for X number of dollars to service and insure the buyer and there are enumerable methods used to arrive at the dollar figure that they wish to secure.

When Retrospective Rating comes into the picture and the risk is large enough, depending upon the amount of retention that the insured is willing to assume and the cost of catastrophic premium, rates and policy forms become of secondary importance, because the risk becomes self-rating.

As I hope I have made clear to you, I am of the opinion that Public Liability insurance can never be arranged with uniformity, and the fact that a standard form does not fit all of the myriad exposures that industry developes, does not mean that with proper attention completely adequate protection is not obtainable. Rather, I am certain that the insurance market does offer the facilities to insure against public liability exposures on a completely adequate basis.

The **auto** in the ocean!

A tanker approached port in La Guaira. Suddenly, a seaman trained his binoculars on a strange object in the water. Then he cried:

"Automobile off the starboard bow!"

The crew reached the rail just in time to see an automobile sink to the bottom.

The explanation came quickly as they docked. A flood had swept La Guaira, carrying the auto out to sea!

But to the American company which owned the car, the loss was only temporary. It had insurance protection — obtained by its regular broker through facilities of AIU.

Policies written by AIU experts provide broad coverage, yet conform with the particular insurance laws and customs of the country concerned. Claims are handled on the spot, just about anywhere on earth. Payment is prompt, and in the same currency as the premium — in U. S. dollars if local regulations permit.

Financial stability is assured by the strength and security of leading insurance companies in the United States.

Just a simple phone call to your regular agent or broker will place the thirty-seven years of AIU's specialized experience at your service.

INSURANCE WORLDWIDE

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